



The Real Story
Of Afghanistan's
Rigged Election

Google Wave: Is
This All-in-One App
The New E-Mail?



Late Night Lothario:
Dave's Rough Day
At the Office

TIME

Why It's Time to Retire the 401(k)

(And what you can do instead)

BY STEPHEN GANDEL

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On the cover: Photo-Illustration for TIME by Arthur Hochstein. Photograph by artpartner-images/Getty. Insets, from left: Manish Swarup—AP; AP/CBS

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10 Questions.

The Nobel Prize-winning microcredit guru believes in a poverty-free world. **Muhammad Yunus will now take your questions**



Next Questions

Ask Jennifer Granholm your questions for an upcoming interview at time.com/10questions

Do you think it is ethical to charge the poor interest and make a profit out of it?

Hasan Iqbal

SUNDSVALL, SWEDEN

In Bangladesh, Grameen Bank charges the lowest rate among all microcredit programs, and yes, we make a profit. But Grameen Bank is owned by the borrowers, so when we make a profit, it goes back to the borrowers as dividends.

Are microloans taking a hit because of the recession?

Katie Malone

POINT MARION, PA.

We use very local money that is going to the local poor, so there is no way the hit taken by the financial centers of the world could be transmitted to us. We don't see fluctuations in repayment rates or anything like that. We are O.K.

How would you help the world out of recession?

Azmath Shamrad

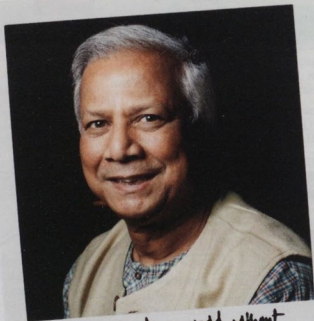
NEWCASTLE, ENGLAND

The system failed us. There's no reason why we should resuscitate it. We have to make absolutely sure that we don't go back to the same old normalcy. We should be creating a new normalcy. That opportunity has to be taken.

Microfinancing empowers Bangladeshi women. Is it driving cultural change?

Lucas Torrin

The most dramatic thing that has happened in Bangladesh in the past 25 years is the total change in the status of women. Microcredit has played a very important role in that, particularly with poor women.



We can create a world without poverty. Poverty should belong to museums.

Has technology like cell-phone payment changed the micro-lending environment?

Daniel Weldon

PORTLAND, ORE.

Not yet, but it opens up the door for all kinds of cell-phone-based banking facilities, health-care facilities, marketing facilities. The cell-phone [network in Bangladesh] has been laid out, so now it's a question of bringing the programs and content to those things.

Have you ever found an incident of corruption involving a Grameen Bank loan?

Rudi Toruana

SAMARINDA, INDONESIA

We have cases of corruption, but Grameen Bank now has 28,000 staff, 8 million borrowers and 2,600 branches.

We lend out over \$100 million each month and have a similar amount coming back. It's very easy to put money in your pocket. But the amazing thing is that cases of corruption are so rare.

Do you think the model of microlending that is so successful in Bangladesh can be applied elsewhere?

Sadraddin Salman

DHAKA, BANGLADESH

Today Grameen programs are everywhere. We even have a program in New York City, and it works beautifully. It's the same system as in the villages of Bangladesh. We do it in Latin American countries—in Mexico, Guatemala, Costa Rica—in exactly the same way.

Why has it been difficult to implement microcredit schemes in Africa?

Obi Iwuagwu

LAGOS, NIGERIA

We have a program in Zambia, and we have absolutely no problem. If somebody says microcredit doesn't work in Africa, I would not agree. I see it working.

Population growth contributes greatly to global poverty. What are your thoughts about the problem?

Bob O'Connor

Thirty years back, Bangladeshi mothers had an average of 6.2 children. Today the average is 3.1. The population growth rate has drastically come down, and among many explanations is the empowerment of women. They became aware of their ability to handle their lives and make decisions. Microcredit is not a population program, but it has helped women see how they can live their own lives.

As individuals, what's the best thing we can do to consign poverty to museums?

Louise Holly

Make people believe that we can send poverty to museums. When I talk about it, people laugh and say, "It's impossible." But when you don't believe something, you can't achieve it. You have to imagine and make that imagination achievable. ■

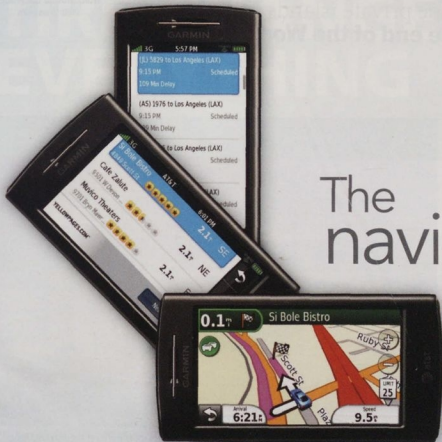


VIDEO AT TIME.COM

To watch a video interview with Muhammad

Yunus and subscribe to the 10 Questions podcast on iTunes, go to time.com/10questions

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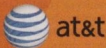


The navigation phone

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Postcard: Dubai.

Psst. Wanna buy a continent? As the emirate's economy craters, its archipelago of man-made private islands sits empty.

A property bust at the end of the World

BY TIM MCGIRK


Global Dispatch
For more postcards
from around the world,
visit time.com

I WANT TO SEE THE WORLD," I TOLD A boatman in Dubai Creek, and pulled out my map. He waved me on board his little wooden boat with no hesitation. I could have told him I wanted to sail up the river Styx, and he would have agreed. Times are tough in the Persian Gulf emirate, and my Bangladeshi boatman had spent hours chugging up and down the creek looking for a fare. It was his bad luck that his passenger appeared to be crazy.

"The World," I repeated. Again he nodded, this time rolling his eyes slightly. He tried distracting me, asking me if I wanted to visit the Ali bin Abi Taleb mosque or ogle the colossal white yachts lining the waterfront like beached Moby Dicks. I pointed out our route—down the creek to the harbor and into the Arabian Sea. There, three miles offshore, was a cluster of 300 man-made islands shaped like a map of the globe. Each was named after a country or a city. The massive archipelago stretched across six miles and supposedly had been constructed with more than 5,000 tons of coral, making it the largest artificial reef on the planet. "See?" I said. "This is the World."

The boatman shook his head madly. "Not possible," he muttered. With sign language—the universal drawing of the finger across the throat—he made it clear that no matter how much money I was offering (and frankly, it wasn't much), he wouldn't sail into the maze of islands. The World was a pet project of Dubai's ruler, Sheikh Mohammed bin Rashid al-Maktoum, and it was patrolled by security guards in fast boats. Illegal Bangladeshi immigrants and nosy foreign reporters entered at their peril.

Depending on your point of view, the World is either the apex of mankind's ingenuity or a cautionary tale about the feverish excesses of Dubai's 21st century boom. Each island was selling for \$15 million to \$50 million, by invitation only:



Paradise lost A single model home sits amid the World's unfinished islands off the coast of Dubai

its developers were pitching the spits of land to tycoons, sportsmen and celebrities. But when Dubai's property market imploded last year, dropping more than 50%, cheeky headlines in the international press suggested that "the end of the World" had arrived. One dealer was quoted as saying that the multibillion-dollar project had been postponed "indefinitely."

In promotional materials, the World looks impressive: a scattering of computer-generated islands lush with palm trees and peppered with lavish hotels and villas.

Brad Pitt and Angelina Jolie were supposedly interested in buying Ethiopia, although a representative for the couple later denied the deal. An Irish investor (who committed suicide in February,

after his company went broke) planned to build a theme resort on Ireland; never mind that the gulf's extreme heat would turn a pint of Guinness into a bubbling black stew. Only one island, reportedly belonging to Sheikh Mohammed, ended up occupied, its palms shading a large mansion. The 299 others are barren smears of sand. From his lonely vantage point in the

eye of the World, the sheik, a horse-racing enthusiast and multibillionaire, recently waved aside Dubai's financial crisis—economists say the emirate is \$80 billion in the hole—as a "passing cloud."

The World is one of many architectural fantasies in Dubai that now appear to be shimmering mirages. The emirate boasts the 2,684-ft. Burj Dubai, the world's tallest skyscraper; a man-made island shaped like a giant palm; a ski slope in a shopping mall; and an 18-hole golf course (unfinished) in the middle of the desert that will slurp down a million gallons of water a day. But the dozens of giant cranes that once littered the skyline have migrated elsewhere. Dubai today has the feel of a futuristic, five-star ghost town blasted by sandstorms.

With a relieved wave, the boatman let me off at a souk filled with Indians, Pakistanis, Filipinos and Yemenis—the immigrants who built Dubai and keep it ticking. But even there the mood was grim. The best-selling items were suitcases. At the rate of 5,000 a day, workers are heading home. Once, the world came to Dubai. Now all that's left of the World in Dubai is hundreds of empty islands. ■



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Inbox



Life in the Motor City

RE *TIME*'S COVER STORY BY DANIEL OKRENT [Oct. 5]: The violence that has beset Detroit is, sadly, well known, but the utter collapse of the public-school system is just starting to be understood. Nothing captures that collapse better than the video, popular on YouTube, that shows the shocking condition of the building that once housed Detroit's famous Cass Technical High School. Cass Tech meant a lot to me and other graduates for the opportunities it gave us. The old building, abandoned for a newer facility for the school, was a war zone—a ruin of overturned desks, textbooks, TVs and other equipment that could have been packed up and reused. If any public-school leaders had cared, and clearly they didn't, they would have treated the place better.

Isaac T. Graves, RICHMOND, VA.

MY PARENTS AND UNCLES RAISED THEIR families in the idyllic suburbs of Detroit, where we kids all received a good education and a leg up into the middle class and beyond. I remember my mother saying that when she moved to Detroit in the 1930s, it was the most beautiful place she had ever seen. I also fondly remember going on shopping expeditions with her to the opulent Hudson's on Woodward Avenue. It was indeed a beautiful place. I hope something can revive a city with such a rich history.

Susan Valentine, MADISON, WIS.

THE ULTIMATE BLAME FOR DETROIT GOES to the voters who elected Coleman Young mayor five times despite his constant race-baiting of white suburbanites and his unwillingness to work with corporations to keep them in the city to help jump-start the economy. Hopefully, Detroit voters will now realize that electing politicians who scapegoat others instead of finding solutions are not looking out for their best interests.

Andrew Gallagher, PHOENIX

ONE POINT YOU MISSED: A KEY FACTOR IN "white flight" was government-forced busing in the early '70s. The local schools were the anchors that held together the neighborhoods for many of the young parents and kids of Detroit. It didn't make sense to walk your child to the corner to be bused across the city to another school.

Fred Kuplicki, FRASER, MICH.

THE "COMMITTEE TO SAVE DETROIT," PARADOXICALLY, featured no leaders from the health professions. Detroit has a higher burden of chronic diseases like asthma and diabetes than many comparable metropolitan areas. The city is a primary-health-care-provider desert. Hundreds of thousands of people lack insurance or are underinsured. Millions of dollars are spent each year on uncompensated care for its citizens. Detroit will not rise again unless the health of its citizens rises first.

William Nettleton, DETROIT

SETTING THE RECORD STRAIGHT

■ In "Heroes of the Environment," we incompletely identified and ran the wrong illustration for green hero Nathan Lorenz [Oct. 5]. With partner Tim Bauer, Lorenz (correct rendering, right) founded Envirofit, a company that makes stoves that dramatically reduce toxic emissions.



DETROIT NEEDS A MARSHALL PLAN. A directive should be given to a group of architects and environmentalists to resurrect the city. Detroit's recovery would also provide a model for other American cities.

Charlotte Fauth, INDIAN WELLS, CALIF.

Pass the Diesel Fuel, Please

RE *TIME*'S STORY ON GREEN HEROES [Oct. 5]: You needn't go to Japan to find people using biofuel. My son has been collecting oil from local restaurants and converting it to diesel fuel for his truck for years. The vehicle runs well, the process is relatively simple, and it costs him next to nothing.

Dian Woodruff, SHREWSBURY, N.J.

Another Side of Bill Clinton

NANCY GIBBS' ESSAY ON BILL AND CHELSEA Clinton struck a chord [Oct. 5]. Like Chelsea, my daughter was often a source of hope and perspective when I was bitter or withdrawn. She has become a wonderful high school history teacher. Like Chelsea, my daughter, while growing up way too fast, stayed devoted and helped raise a father who probably grew up way too slow.

Larry Steiger, LIBERTY, N.Y.

GIBBS' ESSAY BRINGS TO MIND A QUOTATION by Notre Dame's Theodore Hesburgh: "The most important thing a father can do for his children is to love their mother."

Robert Wolfe, NORTH WEBSTER, IND.

'Olympia Snowe is one of the few Republicans not afraid of Rush Limbaugh. Let's hope she continues to say yes to the Party of No.'

Biff Haggison, BRUNSWICK, MAINE

Go, Snowe! An Oct. 5 story on the Maine Senator got the thumbs-up from readers



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other heart medicines. Taking PLAVIX with your other heart medicines goes beyond what other heart medicines alone can do to keep blood platelets from sticking together and forming dangerous clots.

With PLAVIX



Important Safety Information: If you have a stomach ulcer or other condition that causes bleeding you should not use PLAVIX. Taking PLAVIX alone or with some other medicines including aspirin may increase bleeding risk. Tell your doctor before planning surgery or taking aspirin or other medicines with PLAVIX, especially if you've had a stroke. Some medicines that are used to treat heartburn or stomach ulcers, like Prilosec, may affect how PLAVIX works, so tell your doctor if you are taking other medicines. If fever, unexplained weakness or confusion develops, tell your doctor promptly. These may be signs of TTP, a rare but potentially life-threatening condition, reported sometimes less than 2 weeks after starting PLAVIX. Other rare but serious side effects may occur.

Ask your doctor how PLAVIX can help increase your protection against future heart attack, stroke, and even death.

To learn more about heart attacks and PLAVIX, visit www.plavix.com or call 1-877-920-1561.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch, or call 1-800-FDA-1088.

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WHO IS PLAVIX FOR?

PLAVIX is a prescription-only medicine that helps keep blood platelets from sticking together and forming clots.

PLAVIX is for patients who have:

- had a recent heart attack.
- had a recent stroke.
- poor circulation in their legs (Peripheral Artery Disease).

PLAVIX in combination with aspirin is for patients hospitalized with:

- heart-related chest pain (unstable angina).
- heart attack.

Doctors may refer to these conditions as ACS (Acute Coronary Syndrome).

Clots can become dangerous when they form inside your arteries. These clots form when blood platelets stick together, forming a blockage within your arteries, restricting blood flow to your heart or brain, causing a heart attack or stroke.

WHO SHOULD NOT TAKE PLAVIX?

You should NOT take PLAVIX if you:

- are allergic to clopidogrel (the active ingredient in PLAVIX).
- have a stomach ulcer
- have another condition that causes bleeding.
- are pregnant or may become pregnant.
- are breast feeding.

WHAT SHOULD I TELL MY DOCTOR BEFORE TAKING PLAVIX?

Before taking PLAVIX, tell your doctor if you're pregnant or are breast feeding or have any of the following:

- gastrointestinal ulcer
- stomach ulcer(s)
- liver problems
- kidney problems
- a history of bleeding conditions

WHAT IMPORTANT INFORMATION SHOULD I KNOW ABOUT PLAVIX?

TTP: A very serious blood condition called TTP (Thrombotic Thrombocytopenic Purpura) has been rarely reported in people taking PLAVIX. TTP is a potentially life-threatening condition that involves low blood platelet and red blood cell levels, and requires urgent referral to a specialist for prompt treatment once a diagnosis is suspected. Warning signs of TTP may include fever, unexplained confusion or weakness (due to a low blood count, what doctors call anemia). To make an accurate diagnosis, your doctor will need to order blood tests. TTP has been reported rarely, sometimes in less than 2 weeks after starting therapy.

Gastrointestinal Bleeding: There is a potential risk of gastrointestinal (stomach and intestine) bleeding when taking PLAVIX. PLAVIX should be used with caution in patients who have lesions that may bleed (such as ulcers), along with patients who take drugs that cause such lesions.

Bleeding: You may bleed more easily and it may take you longer than usual to stop bleeding when you take PLAVIX alone or in combination with aspirin. Report any unusual bleeding to your doctor.

Geriatrics: When taking aspirin with PLAVIX the risk of serious bleeding increases with age in patients 65 and over.

Rx Only

Stroke Patients: If you have had a recent TIA (also known as a mini-stroke) or stroke taking aspirin with PLAVIX has not been shown to be more effective than taking PLAVIX alone, but taking aspirin with PLAVIX has been shown to increase the risk of bleeding compared to taking PLAVIX alone.

Surgery: Inform doctors and dentists well in advance of any surgery that you are taking PLAVIX so they can help you decide whether or not to discontinue your PLAVIX treatment prior to surgery.

Genetics: People with a specific genetic makeup may get less protection against future cardiovascular events, such as a heart attack or stroke, with Plavix.

WHAT SHOULD I KNOW ABOUT TAKING OTHER MEDICINES WITH PLAVIX?

You should only take aspirin with PLAVIX when directed to do so by your doctor. Certain other medicines should not be taken with PLAVIX. Be sure to tell your doctor about all of your current medications, especially if you are taking the following:

- aspirin
- nonsteroidal anti-inflammatory drugs (NSAIDs)
- warfarin
- heparin
- heartburn or stomach ulcer medicines, like Prilosec

Be sure to tell your doctor if you are taking PLAVIX before starting any new medication.

WHAT ARE THE COMMON SIDE EFFECTS OF PLAVIX?

The most common side effects of PLAVIX include gastrointestinal events (bleeding, abdominal pain, indigestion, diarrhea, and nausea) and rash. This is not a complete list of side effects associated with PLAVIX. Ask your doctor or pharmacist for a complete list.

HOW SHOULD I TAKE PLAVIX?

Only take PLAVIX exactly as prescribed by your doctor. Do not change your dose or stop taking PLAVIX without talking to your doctor first.

PLAVIX should be taken around the same time every day, and it can be taken with or without food. If you miss a day, do not double up on your medication. Just continue your usual dose. If you have any questions about taking your medications, please consult your doctor.

OVERDOSAGE

As with any prescription medicine, it is possible to overdose on PLAVIX. If you think you may have overdosed, immediately call your doctor or Poison Control Center, or go to the nearest emergency room.

FOR MORE INFORMATION

For more information on PLAVIX, call 1-800-633-1610 or visit www.PLAVIX.com. Neither of these resources, nor the information contained here, can take the place of talking to your doctor. Only your doctor knows the specifics of your condition and how PLAVIX fits into your overall therapy. It is therefore important to maintain an ongoing dialogue with your doctor concerning your condition and your treatment.

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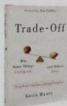
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Business Books.

Why most companies fall into identity traps. Shut up and listen, will you?

Celebrating the benefits of failure

BY ANDREA SACHS



Trade-Off: Why Some Things Catch On, and Others Don't

By Kevin Maney
Broadway; 217 pages

IMAGINE TWO RESTAURANTS, one at each end of a block. One is a famous four-star establishment, known for its fine cuisine; the other is a McDonald's, popular for its low prices and speedy service. If the elite restaurant opens a branch on every nearby block, it will lose its cachet as well as its customers. Likewise, if the McD's starts serving pricey, five-course meals, its fans will take a hike. That's the central notion of this illuminating book. Maney, a veteran business journalist, calls this dichotomy the "fidelity swap." He argues that there is an inevitable tension between fidelity (quality and snob appeal) and convenience (low cost and ease). The secret of success is deciding which type of product you are selling and staying true to that goal.

It seems overly simplistic, but much corporate strategy revolves around trying to grow a brand beyond its core market. (Think low-end Mercedes.) But it's not doable, says the author, who refers to this aspiration as the "fidelity mirage." It's a trap that companies frequently fall into. "Contrary to what many businesses want to believe, achieving both high fidelity and high convenience seems to be impossible," he writes. "It looks tempting. Some companies believe they can get there, and life will be beautiful. But as it turns out, any company or product that attempts to capture both is likely to fail."

The author cites handbag maker Coach as a firm that fell to earth trying to bridge market segments. Since the 1970s, Coach had been known as a luxury brand with a status more like Louis Vuitton's or Hermès's. But from 2004 to early 2008, the company opened 94 new stores and dozens of outlet shops. By the end of 2007, same-store sales were dipping for



the first time in years. Says the author: "Convenience acts like antimatter to aura and identity." Likewise, Motorola took its sleek, fashionable \$400 Razr cell phone and flooded the market with it at a lower price. "It destroyed the Razr brand," says the author. "Consumers who once considered the Razr the high-fidelity phone now saw it as the cheap phone you get when signing a wireless contract." One consequence: Motorola's CEO left under a cloud.

And if a business falls in the middle, in what Maney calls the "fidelity belly"? Then "management needs to ask the question, Is our product on a clear path toward either convenience or fidelity?" If neither, it is on a clear path to trouble.

Just Listen: Discover the Secret to Getting Through to Absolutely Anyone

By Mark Goulston
Amacom; 234 pages

IT'S A MEASURE OF HOW contentious work relations can get that the author, a psychiatrist, draws on hostage-negotiation techniques to instruct readers on how to deal with "defiant executives, angry

employees or self-destructing management teams." A frequent reaction to such recalcitrance is arguing. Stop raising your voice, says Goulston. A better course would be to "listen, ask, mirror, and reflect back to people what you've heard." By making people feel understood, you are likely to see a more conciliatory colleague. Mission accomplished.



Celebrating Failure: The Power of Taking Risks, Making Mistakes, and Thinking Big

By Ralph Heath
Career Press; 191 pages

WHEN YOU'RE JUST ABOUT to blow your top over a screwup, take this smart book off the shelf. Failure has a lot to teach, and Heath tells business leaders to use it creatively: "Find something positive to acknowledge and celebrate... The truth is, the people who fail are the very same people who succeed." Talk openly about an employee's mistake and what lessons have been learned, he counsels, then move on. That goes for your blunders too, boss. "This might scare the crap out of you before you do it, but afterward you will feel a great sense of freedom." ■



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Briefing

THE WORLD SPOTLIGHT VERBATIM HISTORY MILESTONES



The Moment

10/5/09: Chicago

IT JUST TICKLED A BIT, SAID THE FIRST RECIPIENTS OF THE 2009 H1N1 flu-vaccine nasal spray, which rolled off production lines into cities including New York and Chicago this week, just in time for the official start of the influenza season on Oct. 4. Not everyone who wanted the vaccine got it, though. Only 2.4 million of the government's total order of 251 million doses were released. That isn't nearly enough to satisfy even the early adopters—especially since states like New York have mandated flu vaccinations for all health-care workers. But federal health officials decided on frequency over mass, shipping vaccine lots as soon as they're ready rather than waiting for more sizable supplies to accumulate. Meanwhile, the focus on H1N1 has delayed delivery of seasonal-flu shots nationwide, forcing some clinics to postpone their flu-vaccination programs, and has created an epidemic of myth-spreading about the new vaccine (yes, it has been tested; no, it doesn't give you the flu). "It's a little bit of a messy process, and we expect it to be somewhat bumpy in the first few weeks," says Dr. Thomas Frieden, director of the Centers for Disease Control and Prevention, which is collecting vaccine orders from states. But with manufacturers planning to release 20 million doses per week, it won't be long, he says, before the country's first mass-vaccination program in 33 years gets smoothly under way. —BY ALICE PARK

The World

10 ESSENTIAL STORIES



1 | Tehran

Playing Hide-And-Seek

Officials with the International Atomic Energy Agency (IAEA) have negotiated an Oct. 25 inspection of Iran's recently revealed uranium-enrichment plant under construction outside Qum. The plant, which Tehran insists will be used for civilian purposes, has heightened fears that Iran is hiding facilities that would give it greater capacity to potentially build nuclear weapons. Skeptics say delaying the inspection until the end of the month would give Iran time to cover up its activities. "One has to be somewhat suspicious," Washington's IAEA representative said Oct. 5 on Capitol Hill.



A policeman stands on a wall of the U.N. compound after the Oct. 5 attack

2 | Islamabad

Blast Targets Aid Workers

A suicide bomber disguised as a soldier walked into the fortified headquarters of the U.N. Food Program in Pakistan by asking to use the bathroom and set off an explosion that killed five people. The latest in a string of attacks against foreign aid workers in the region, the Oct. 5 bombing was particularly disquieting given the ease with which the perpetrator infiltrated the heavily protected compound, just steps from President Asif Ali Zardari's residence. A Taliban spokesman confirmed that the group was responsible for the incident, the deadliest in the Pakistani capital since April. In the aftermath, the U.N. said it would temporarily shutter all its Pakistan offices, which provide aid to many of the estimated 2 million people displaced by fighting in the Swat Valley.

3 | New York

Premies' Troubling Toll

Nearly 13 million babies worldwide are born prematurely each year—10% of total births—and a million die as a result, according to a March of Dimes report. Using World Health Organization data, the group found that 85% of premature births occur in Africa and Asia. The U.S. preterm rate, meanwhile, has jumped 36% in the past 25 years.

Preterm birthrate, by region



SOURCE: MARCH OF DIMES

4 | Brussels

Pilots Protest Long Hours

Airplane workers demonstrated at 22 European airports on Oct. 5 to call travelers' attention to their grueling shifts, which they say are hazardous to passenger safety. Backed by the European Cockpit Association, which represents some 38,000 pilots and crew members, protesters handed out some 100,000 fake boarding passes containing warnings about fatigue and arguments against the current E.U. laws, which hold that flight personnel can stay airborne for up to 14 hr. per day and 11 hr. 45 min. overnight. A 2003 study found that the risk of accidents for pilots who had been working 13 hr. or more was 5% times the risk for all pilots.



After the vote, a Lisbon Treaty supporter celebrates outside Dublin Castle

5 | Dublin

Irish Ayes Have the E.U. Smiling

Second time's the charm. Since initially dismissing it last June, Irish voters have ratified the Lisbon Treaty, an agreement intended to strengthen and streamline the European Union's governance. The treaty, if enacted, would create the offices of E.U. President and foreign policy chief and allow the body to use majority rule in place of unanimous decision-making in some cases. With Poland expected to approve the pact soon, the final holdout is the Czech Republic, whose President, Vaclav Klaus, opposes the bid.

Numbers:

\$10

TRILLION

Estimated investment in green technology needed to stabilize greenhouse-gas emissions by 2030

61%

Percentage of Americans who'd support military action against Iran if it prevented Iran from developing nuclear capabilities



6 | Athens

SOCIALIST SPARKS FLY George Papandreu, leader of Greece's Socialist Party (PASOK), was sworn in as the country's new Prime Minister on Oct. 6 after defeating conservative incumbent Costas Karamanlis, whose party has been dogged by corruption scandals and a sagging economy. With the country's budget deficit at 6% of its GDP—twice the E.U.-mandated limit—Papandreu has his work cut out for him. His campaign pledges include a \$4.4 billion stimulus package, higher taxes for the wealthy and wage increases that will outpace the rate of inflation.

7 | Ohio

Staying Executions

After the botched lethal injection on Sept. 15 of convicted murderer and rapist Romell Broom, Ohio Governor Ted Strickland has delayed Broom's execution along with those of two other inmates while the state reviews its death-penalty procedures. Technicians tried unsuccessfully for two hours to access Broom's veins before aborting the effort. Death-penalty opponents hope the state will follow others in abolishing the practice.

8 | Cape Town

Ranking Africa's Governments

The third survey by Sudanese-born philanthropist Mo Ibrahim's foundation provides a detailed assessment of good governance on a continent sorely lacking it. Ibrahim's index, released Oct. 5, scores Africa's 53 nations in 84 categories, measuring economic opportunity, safety, human rights and development. The Indian Ocean outpost of Mauritius took top honors, while to nobody's surprise anarchic Somalia ranked a distant last.

The Ibrahim Index

- 1 MAURITIUS
- 2 CAPE VERDE
- 3 SEYCHELLES
- 4 BOTSWANA
- 5 SOUTH AFRICA
- 49 SUDAN
- 50 DEMOCRATIC REPUBLIC OF CONGO
- 51 ZIMBABWE
- 52 CHAD
- 53 SOMALIA

SOURCE: THE MO IBRAHIM FOUNDATION



9 | Washington

Rethinking Detentions

The U.S. says it will revamp the controversial system for holding immigrants awaiting deportation after human-rights groups accused several detention centers of abuse and providing poor living conditions. Officials have promised better medical care and housing facilities, possibly including converted hotels, for detainees—a goal the American Civil Liberties Union called “encouraging.”

10 | Stockholm

Science Stars Take a Bow

The first of this year's Nobel Prizes celebrated advances in harnessing light and understanding cells. Nine scientists (eight of them U.S. citizens) shared honors in physics, medicine and chemistry for work that has contributed to photography and antibiotics research, among other fields. Each prize includes a \$1.4 million award.

Nobel Prize Winners

PHYSICS

Fiber optics



Charles Kao

Digital-imaging sensor



Willard Boyle



George Smith

Improved light-transmitting glass fibers, aiding the rise of the Internet

Invented a sensor that transforms light into electric signals, technology now used in digital cameras as well as the Hubble Space Telescope

MEDICINE

Cell biology



Elizabeth Blackburn



Jack Szostak



Carol Greider

Their research in the 1970s and '80s uncovered how chromosomes protect themselves as cells divide—shedding light on aging and advancing the fight against cancer

CHEMISTRY

Ribosomes



Venkatraman Ramakrishnan



Thomas Steitz



Yonath

The trio used X-ray technology to map the ribosome, which creates proteins that control the chemistry in cells. The findings improved antibiotics' ability to disable ribosomes in bacteria

★ | What They're Banning in Egypt:

Sheik Mohammed Tantawi, a leading Egyptian cleric, said he would issue a fatwa against Muslim women who wear the *nigab*, a face-covering veil, in the nation's schools. Tantawi argued that the garment had “nothing to do with Islam” and merely promoted religious extremism. Following his lead, Egypt's Minister of Higher Education banned the *nigab* from university residences.

1 BILLION Number of Earths it would take to fill the volume of a newly discovered, 5 million-km-wide ring of dust around Saturn, according to NASA

1 IN **100** Ratio of 8-year-olds who have received a diagnosis of autism spectrum disorder, according to the CDC—up from an estimated 1 in 150 two years ago

Spotlight

Rio's Olympic Win



Party central On Copacabana Beach, Cariocas celebrate their winning bid

IT IS TIME TO LIGHT THE OLYMPIC TORCH IN A TROPICAL country," Brazilian President Luiz Inácio Lula da Silva told the International Olympic Committee (IOC) as it gathered in Copenhagen to select a site for the 2016 Summer Olympics. "It is Brazil's time." The IOC agreed. On Oct. 2, Rio de Janeiro beat out First World metropolises Madrid, Tokyo and Chicago to become the first South American city to host the Games—sparking a deafening celebration on Copacabana Beach to rival the city's annual Carnival bacchanal.

The IOC did more than signal its confidence that the birthplace of bossa nova can put on the world's biggest sports spectacle. No country in Latin America—or anywhere else in the developing world—has hosted an Olympics since 1968, when Mexican soldiers massacred hundreds of pro-democracy demonstrators just days before the opening of the Mexico City Games. By tapping Rio, the IOC affirmed the widely held opinion that Brazil—a democracy and the only nation among the world's 10 largest economies never to have held an Olympics—is the first Latin country developed enough to give the region a second chance. "The IOC decision is an embrace of Brazil's practical way

of doing things," says Paulo Sotero, director of the Brazil Institute of the Woodrow Wilson Center in Washington, referring to Lula's unique hybrid of market economics and progressive social policy.

But Rio has a lot of work to do if it wants applause in 2016. True, athletes will compete in such iconic venues as the Maracanã soccer stadium—the largest in South America—while rowers and triathletes will ply Rio's blue waters beneath the outstretched arms of the titanic *Christ the Redeemer* statue. But many of the venues for the 2016 Games—including the João Havelange Olympic Stadium, where track-and-field events will take place—don't meet IOC standards or will require extensive renovations. Nearly 20 will need to be built from scratch. Cariocas, as Rio's residents are called, are still reeling from the final bill for 2007's much smaller Pan American

\$14 BILLION
Estimated budget
for hosting the 2016
Olympic Games

Games, which ended up costing the city 10 times the original \$177 million estimate. The 2016 Games' \$14 billion budget includes a \$427 million Olympic Village for athletes, but lodging

and security for everybody else are still question marks: Rio is short on hotel rooms, and the city's homicide rate, 47 per 100,000 residents, not only is triple that of Olympic also-ran Chicago but is also up 10% this year.

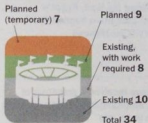
Brazil will get a valuable practice run when it hosts the soccer World Cup in 2014; construction of venues for that event has yet to begin. Brazilians have long had to endure the joke that theirs was the country of the future and always would be. With that future just seven years away, they now have to prove they'll be ready. —BY TIM PADGETT AND ANDREW DOWNIE

What Rio Needs

Brazil has a long way to go to get ready for the Olympic Games

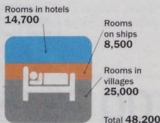
VENUES

Brazil's bid calls for 16 new stadiums and arenas; eight others need improvements



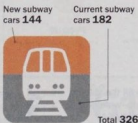
ACCOMMODATIONS

The city has plans for two new hotels for the Games; guests will also bunk on stationary cruise ships



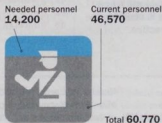
INFRASTRUCTURE

Rio will improve its roads and bus service, as well as add five subway stations and boost capacity



SECURITY

To guard the Games, the city will import 14,200 security personnel from other regions





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Verbatim

'I got my work cut out for me.'

DAVID LETTERMAN, on repairing his relationship with his wife after confessing to having sex with female employees. The *Late Show* host disclosed the affairs, as well as the alleged extortion attempt he faced as a result, on his show Oct. 1

'I don't know what the poker analogy would be. "Please, see all my cards and take my money too?"'

ROBERT BARNETT, an expert on Tibet based at New York's Columbia University, blasting the Obama Administration for yielding to pressure to postpone a planned meeting between the President and the Dalai Lama until after Obama's November summit with Chinese President Hu Jintao

'I kind of like being a President.'

HILLARY CLINTON, U.S. Secretary of State, presiding over a Sept. 30 U.N. Security Council hearing on sexual violence against women

'I have been waiting and yearning a long time for the day I will be released.'

GILAD SHALIT, an Israeli soldier held captive by Palestinian militants since June 2006, in an Oct. 2 video. The tape, provided in exchange for the release of 20 female Palestinian prisoners, is the first evidence since June 2008 that Shalit is still alive

'I think I'd rather get run over by a train.'

MADONNA, on whether she plans to marry again. The singer recently finalized her divorce from film director Guy Ritchie

'A policeman spit in my face and said, "You will die."'

ROSAMARIA VALERIANO FLORES, a Honduran who was beaten while passing through a demonstration in Tegucigalpa held in support of Manuel Zelaya, the country's ousted President

'The Russian man will always be drinking. Russians don't surrender.'

VASILY PIK, a construction worker in Moscow, on President Dmitri Medvedev's attempts to curb Russia's soaring alcohol-consumption rates



BACK & FORTH

Middle East

'This ... represents a betrayal of the Palestinian cause.'

MUSHIR AL-MASRI, a Hamas legislator, condemning Palestinian President Mahmoud Abbas for withholding support for a U.N. report that accuses Israel of committing war crimes in Gaza last year

'We have the courage to admit there was a mistake.'

YASSER ABED RABBO, a senior adviser to Abbas, admitting he underestimated the level of anger that the lack of support would incite among Palestinians

Justice

'I hope to hell he stole those airplanes. I would be so proud.'

PAM KOHLER, mother of an 18-year-old Washington State man, Colton Harris-Moore, who has been on the run from police for 18 months after allegedly committing a string of burglaries and joyriding in stolen planes

'I will not have him made into some kind of folk hero.'

MARK BROWN, sheriff in charge of the case, noting the existence of T-shirts and a Facebook fan club that laud Harris-Moore's elusiveness

LEXICON

Fat gap n.—The difference between actual and perceived obesity

USAGE: "Ten million Brits are unaware they are obese because being fat is now seen as the norm, according to new research. They are suffering from a new phenomenon dubbed the **fat gap**, which has blurred public perception of what is a healthy weight." —*Telegraph*, Sept. 23, 2009

Brief History

School Lunches

FOR MILLIONS OF U.S. STUDENTS, A HOT meal has been part of the school day since Congress passed the National School Lunch Program in 1946. But with many items on today's menus crammed with fat and calories, educators are taking a cue from the local-food movement to put school lunches on a healthier path.

The National School Lunch Program, intended to prevent the return of Depression-era child malnourishment, allowed the government to buy surplus food from farmers and set minimum nutritional values for each meal. Its budget grew under Eisenhower and Nixon, but the Reagan Administration slashed it by nearly \$1.5 billion—making up for the cuts by revising nutritional guidelines, reducing portion sizes and (infamously) attempting to categorize ketchup as a vegetable.

The 1980s and '90s saw school districts contract with private companies to stock brand-name soft drinks and snacks in exchange for a cut of the profits. While the partnerships boosted school revenue, they also exacerbated soaring childhood-obesity rates.

In an effort to promote healthier diets, some 9,000 schools have joined a national farm-to-school program that provides locally grown food to school cafeterias. The Department of Agriculture is expected to expand school nutrition standards this year, and the Centers for Disease Control and Prevention estimates that 63% of schools have stopped selling sugary soft drinks. Yet despite these efforts, most students still pile unhealthy foods onto their lunch trays. Currently, 80% of schools serve lunches with more than the recommended amount of saturated fat; 42% don't offer daily fresh fruits and vegetables. No matter how you measure it, there's very little nutrition in a Tater Tot. —BY CLAIRE SUDDATH



Less than 20% of schools cook meals from scratch; many rely on packaged, reheatable foods

THE OLD WAY

Original dietary guidelines limited fat content but left carbs unrestricted, resulting in school menus loaded with pasta, bread, corn and potatoes



THE NEW WAY

In 2009 the government allocated \$40 million for the Fresh Fruit and Vegetable Program, to bring produce to elementary schools

To lower fat intake, many schools are eliminating whole milk in favor of skim

THE SKIMMER



We Are Doomed: Reclaiming Conservative Pessimism

By John Derbyshire
Crown Forum; 272 pages

YES WE CAN: THOSE ARE fighting words to John Derbyshire, a proud pessimist crusading against America's penchant for smiley-faced self-deception. The *National Review* writer and self-described "conservative gloominary" leads readers on a bleak tour of modern life, bemoaning the state of our society and culture (the '00s are the first decade without a living novelist featured on *TIME*'s cover, he laments). Derbyshire's no fan of liberalism, but his main targets are the utopian fantasies of both parties and the notion that humanity can patch the flaws that led us to this woeful state to begin with. Embracing hard truths would better prepare us for the real world, he writes—and might have helped us avoid the mortgage meltdown to boot. The native Englishman's guiltily enjoyable diatribe makes keen arguments—why do Ivy League schools charge so much when their endowments averaged \$1.5 million per undergraduate last year?—though his repellent racial and gender stereotyping and can't-do spirit eventually grow tiresome. Say this for pessimists, though: they're rarely disappointed.

—BY RANDY JAMES

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**"I didn't realize there
was more to the picture than
just bad cholesterol."**

For prescription use only.



It's important to know that there are three main parts of cholesterol. If your triglycerides (fat in the blood) are high or your good cholesterol is too low, ask your doctor about TRILIPIX.

TRILIPIX can be used along with diet to lower triglycerides and increase good cholesterol in people who are at high risk for heart disease and are taking a statin medication to control their bad cholesterol. TRILIPIX has not been shown to prevent heart attacks or stroke more than a statin alone. Ask your doctor if TRILIPIX is right for you.

 **TRILIPIX[®]**
(fenofibric acid)

There's more to cholesterol. Get the picture.

Important Safety Information

- TRILIPIX should not be taken by people with liver, gallbladder, or severe kidney disease, nursing mothers, or those allergic to any product ingredient.
- Unexplained muscle pain, tenderness, or weakness, particularly when occurring with tiredness and fever, may be a sign of a serious side effect and should be reported to your healthcare provider right away. Rarely, muscle-related problems can cause kidney damage and can be fatal. The risk of these side effects may be higher when TRILIPIX is used with a statin.
- Tell your healthcare provider about all the medicines you take to help avoid serious drug interactions.
- Your healthcare provider may do blood tests before and during treatment with TRILIPIX to check for liver or kidney problems.
- You should contact your healthcare provider if you experience abdominal pain, nausea, or vomiting while taking TRILIPIX. These may be signs of inflammation of the gallbladder or pancreas.
- Women who are pregnant should not take statins. If you are pregnant or may become pregnant, talk with your healthcare provider about TRILIPIX.
- The most common side effects with TRILIPIX include headache, heartburn, nausea, muscle aches, and increases in muscle or liver enzymes that are measured by blood tests.

This Important Safety Information is not all of the information people should know before taking TRILIPIX. Please see the full Prescribing Information and discuss it with your healthcare practitioner.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch, or call 1-800-FDA-1088.

If you cannot afford your medication, contact: www.pparx.org or call the toll-free phone number (1-888-4PPA-NOW) for assistance.

Please see adjacent pages for brief summary of full Prescribing Information.

For more information, visit TRILIPIX.com or call 1.866.665.8003.

**CONSUMER BRIEF SUMMARY
CONSULT PACKAGE INSERT FOR FULL
PRESCRIBING INFORMATION**

Trilipix™

(try-lip-iks)

(fenofibric acid) delayed release capsules

Patient Information

Read the Medication Guide before you start taking Trilipix and each time you get a refill. There may be new information. This information does not take the place of talking to your healthcare provider about your medical condition or your treatment.

What is the most important information I should know about Trilipix?

Trilipix can be used with other cholesterol-lowering medicines called statins. Statins include:

- atorvastatin (Lipitor, Caduet)
- fluvastatin (Lescol, Lescol XL)
- lovastatin (Altoprev, Mevacor, Advicor)
- pravastatin (Pravachol)
- rosuvastatin (Crestor)
- simvastatin (Zocor, Simcor, Vytorin)

Statins can cause muscle pain, tenderness or weakness, which may be symptoms of a rare but serious muscle condition called rhabdomyolysis. In some cases rhabdomyolysis can cause kidney damage and death. The risk of rhabdomyolysis may be higher when Trilipix is given with statins. If you take a statin, tell your healthcare provider.

Other medicines or large amounts of grapefruit juice (more than a quart) may raise the levels of statins in your body, and could then raise the risk of muscle problems. Tell your healthcare provider if you are taking any medicines listed below.

- Heart medicine
- Stomach medicine
- Antibiotic
- Anti-fungal
- Cholesterol-lowering medicine
- Hormones
- HIV/AIDS medicine
- Antidepressant
- Immunosuppressant
- Anti-seizure medicine

Ask your healthcare provider or pharmacist for a list of these medicines, if you are not sure.

Tell your healthcare provider if you drink grapefruit juice.

What is Trilipix?

Trilipix is a prescription medicine used to treat cholesterol in the blood by lowering the total amount of triglycerides and LDL (bad) cholesterol, and increasing

the HDL (good) cholesterol. You should be on a low fat and low cholesterol diet while you take Trilipix.

The safety and effectiveness of Trilipix in children is not known.

Who should not take Trilipix?

Do not take Trilipix if you:

- are allergic to fenofibric acid, or any of the ingredients in Trilipix. See the end of this brief summary for a list of all the ingredients in Trilipix.
- have severe kidney disease.
- have liver disease.
- have gallbladder disease.
- are a nursing mother.

Talk to your healthcare provider before you take Trilipix if you have any of these conditions.

What should I tell my healthcare provider before taking Trilipix?

Before taking Trilipix, tell your healthcare provider about all your medical conditions, including if you:

- are allergic to any medicines.
- have ever had kidney problems.
- have ever had liver problems.
- have ever had gallbladder problems.
- are pregnant or if you plan to become pregnant. It is not known if Trilipix will harm your unborn baby.
- are breastfeeding or plan to breastfeed. It is not known if Trilipix passes into your breast milk. You and your healthcare provider should decide if you will take Trilipix or breastfeed. You should not do both.

Tell your healthcare provider about all the medicines you take, including prescription and non-prescription medicines, vitamins and herbal supplements.

Using Trilipix with certain other medicines can affect the way these medicines work and other medicines may affect how Trilipix works. In some cases, using Trilipix with other medicines can cause serious side effects.

Know all the medicines you take. Keep a list of them and show it to your healthcare provider when you get a new medicine.

It is especially important to tell your healthcare provider if you take any of the medicines mentioned in, "What is the most important information I should know about Trilipix?" or any of the medicines listed below:

- **anticoagulants**, also known as blood thinners (warfarin, Coumadin)
- **bile acid resins**
- **cyclosporine**

Ask your healthcare provider if you are not sure if your medicine is one of these.

How should I take Trilipix?

- You should be on a low fat and low cholesterol diet while you take Trilipix.

- Take Trilipix one time each day as prescribed by your healthcare provider.
- Take Trilipix with or without food.
- Swallow Trilipix capsules whole. Do not break, crush, dissolve, or chew Trilipix capsules before swallowing. If you cannot swallow Trilipix capsules whole, tell your healthcare provider, you may need a different medicine.
- If you take a medicine called a statin, you can take Trilipix and your statin at the same time of day.
- If you miss a dose of Trilipix, take it as soon as you remember. If it is almost time for your next dose, just skip the missed dose. Take the next dose at your regular time. If you are not sure about your dosing, call your healthcare provider. **Do not take more than one dose of Trilipix a day unless your healthcare provider tells you to.**
- If you take too much Trilipix, contact your healthcare provider or your local emergency department.
- Do not change your dose or stop Trilipix unless your healthcare provider tells you to.
- Your healthcare provider may do blood tests before you start taking Trilipix and during treatment. See your healthcare provider regularly to check your cholesterol and triglyceride levels and to check for side effects.

What are the possible side effects with Trilipix?

Trilipix may cause serious side effects, including:

- **muscle pain, tenderness, or weakness.** See "What is the most important information that I should know about Trilipix?"
- **tiredness and fever.**
- **abdominal pain, nausea, or vomiting.** These may be signs of inflammation (swelling) of the gallbladder or pancreas.

Call your healthcare provider right away if you have any of these serious side effects.

The most common side effects with Trilipix include:

- headache
- heartburn (indigestion)
- nausea
- muscle aches
- increases in muscle or liver enzymes that are measured by blood tests

Tell your healthcare provider if you have any side effect that bothers you or that does not go away. These are not all the possible side effects of Trilipix. For more information, ask your healthcare provider or pharmacist. Call your doctor for medical advice about side effects. You may report side effects to FDA at 1-800-FDA-1088.

How do I store Trilipix?

- Store Trilipix between 59° to 86° F (15° to 30° C).
- Protect Trilipix from moisture.

Keep Trilipix and all medicines out of the reach of children.

General information about the safe and effective use of Trilipix

Medicines are sometimes prescribed for conditions that are not mentioned in a Medication Guide. Do not use Trilipix for a condition for which it was not prescribed. Do not give Trilipix to other people, even if they have the same condition you have. It may harm them.

This brief summary summarizes the most important information about Trilipix. If you would like more information, talk to your healthcare provider. You can also ask your pharmacist or healthcare provider for information that is written for health professionals.

For more information go to www.Trilipix.com or call 1-800-633-9110.

What are the ingredients in Trilipix?

Active Ingredient: Fenofibric acid

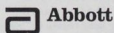
Inactive Ingredients: Hypromellose, povidone, water, hydroxylpropyl cellulose, colloidal silicon dioxide, sodium stearyl fumarate, methacrylic acid copolymer, talc, triethyl citrate, gelatin, titanium dioxide, and yellow iron oxide. Additionally, the 45 mg capsule shell contains black iron oxide and red iron oxide, and the 135 mg capsule shell contains FD&C Blue #2.

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Milestones



Irving Penn

IRVING PENN, WHO DIED Oct. 7 at 92, was a towering figure in American photography, a master of fashion work, portraiture and lusciously detailed still life. Along with the late Richard Avedon, Penn perfected a certain kind of powerful, lusty photography in the decades after World War II.

It was a golden age for

magazines, where much of his greatest work first appeared. On assignments for *Vogue*, Penn put aside the overstuffed manner of prewar fashion imagery for a stark, simplified style that perfectly suited a new era. It certainly suited the knife-edged beauty of one of his favorite models,



Lisa Fonssagrives, who later became his wife.

Penn brought the same spare intensity to his portraits of famous men and women. He commonly photographed them against bare gray backgrounds or in literal tight corners—angular wooden enclosures built in his studio. In pictures of Pablo Picasso, W.H. Auden, Marlene Dietrich and others, Penn showed us people—wary, vulnerable, defiant—not mere celebrities.

In the late 1960s, Penn began hauling those back grounds around the world to photograph native warriors in New Guinea, mesmerizingly costumed women in Cameroon and hippies and Hells Angels in California. To his peerless eye, they were all tribes in tribal regalia. —BY

RICHARD LACAYO



Mercedes Sosa

ON A BREEZY NIGHT IN 1979, Mercedes Sosa, the Argentine crooner dubbed "the voice of the voiceless," was arrested along with 200 of her fans during a concert in La Plata. Sosa's crime was singing out against the brutal military regime that was ruling Argentina with violence and

terror and making political dissidents disappear. Were it not for her voice, Sosa would probably have vanished too. Instead, she was released and told never to return to the country. "I had no place to sing," she later recalled. "So I had to go look for applause in Europe."

Sosa, who died Oct. 4 at 74, had no trouble finding applause. By the time she returned to her homeland in 1982, mere months before the dictatorship collapsed, she had captivated audiences on five continents. And while she pined for the sights and smells of her childhood—even those that evoked memories of the death, pain and poverty she witnessed—her time in exile exposed her to entirely new styles of music. Jazz, pop and rock 'n' roll complemented her roots in Andean and

tango rhythms and boosted a six-decade career in which she performed with singers as diverse as Luciano Pavarotti, Ray Charles, Shakira and Joan Baez, who was once so moved by Sosa's music that she fell to the vocalist's feet during a concert and kissed her toes. Just months before her death, Sosa released an acclaimed album, *Cantora 1*, which was nominated for three Latin Grammys.

In later years, Sosa went beyond her role as a musician to serve as a goodwill ambassador for the U.N. But the South American troubadour (below), with Argentine President Cristina Fernández de Kirchner never thought of herself as an activist. "All of us," she once said, "whether we are artists or military, must collaborate if we are to keep democracy on its feet and walking."

—BY M.J. STEPHEY



Peg Mullen

In 1970, Peg Mullen's 25-year-old son Michael was killed by friendly fire when a U.S. artillery shell struck near the South Vietnamese village of Tu Chanh. His mother, brokenhearted, did what any other mother would—or should—do when her child is killed in an illegal and immoral war: she went on a search for the truth. Mullen, an Iowa homemaker who died on Oct. 2 at 92, spent more than two decades probing her son's death. In 1995 she published her findings in a book called *Unfriendly Fire: A Mother's Memoir*, which painted a scathing portrait of a U.S. military that stonewalled her efforts to investigate the episode. "I think she'll be remembered as somebody who asked a lot of questions, somebody who wouldn't take a pat answer," another son, John, told the Associated Press. Peg continued to oppose our wars of aggression, and in 2008 the Women's International League of Peace & Freedom honored her efforts with an award. As we struggle for peace, we can all take immense inspiration from Peg's life.

—BY CINDY SHEEHAN

Sheehan is an activist and author. Her son Casey was killed while serving in Iraq in 2003



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**DARWIN COULD ONLY
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er,





James

Poniewozik

Dave in the Hot Seat. Suddenly the joke's on Letterman. Can he survive better than the pols he's skewered?

APOLOGIES ARE BECOMING AS MUCH A part of *Late Show with David Letterman* as Top 10 lists. In June the host apologized, top to lists, for joking about one of Sarah Palin's daughters getting "knocked up." On Oct. 1, Letterman, prompted by a failed blackmail attempt, revealed that he had had sex with female employees. He followed up two shows later with a sober apology to his wife. And for good measure, he joked, "once again I'd like to apologize to the former governor of Alaska."

Letterman took heat—when Howard Stern is criticizing your treatment of women, you know you've screwed up—and the questions came thick: Would viewers turn to Conan O'Brien or Jay Leno, if CBS didn't have to get rid of him altogether? And could Letterman tell sex jokes about politicians anymore?

No one knows the answer to the first question (much will depend on what other shoes drop in the case against his alleged extortionist), but Americans don't have a long track record of denying themselves amusement to punish celebrities. Woody Allen still makes movies, Rush Limbaugh remains on the air, Don Imus is back on TV, and Michael Jackson inspired greater mourning than most world leaders would.

As to the second question, in one sense the rules are different for celebrities than for politicians. But in another way, Letterman is exactly like a pol. With politicians and personalities alike, we tend to overlook transgressions, barring an actual crime, if they deliver for us, be it laughs or pork. Of course, we are always ready to be

With politicians and personalities alike, we tend to overlook transgressions, barring an actual crime, if they deliver for us

deeply outraged by moral failings of the people we didn't like to begin with.

That's all the more true of Letterman, who has been a target of conservatives for his attacks on John McCain during the campaign, his perceived friendliness to Barack Obama and, of course, the Palin jokes. A columnist at the conservative New York *Post* called for Letterman's immediate firing, and pundit Michelle Malkin said on



Fox News, "It's hard not to have a smidge of schadenfreude for somebody who's shown contempt for women in public... especially over the campaign, and how he's treated Sarah Palin and her family." (Still, post-Palin, Letterman has had his best ratings in years against O'Brien.)

This is not to defend anything Letterman did. That his creepy—his word—relationships were consensual (as far as we know) does not change the fact that he had sex with women he had the power to fire or that he cheated on his longtime girlfriend (now wife). But now that he's become fodder for the great American political-blatner machine—as did the newly reigned Roman Polanski rape case and Chicago's Olympic bid—the degree of his transgressions is largely beside the point. There are too many people who are too invested in having a certain opin-

ion of him ever to judge him impartially.

Whether Letterman rises or falls, he is guaranteed his own chapter in the Holy Book of Partisan Grievance, that august tome through which, with every new controversy, culture warriors feverishly flip for examples of the other side's hypocrisy. You wanted Imus fired for what he said! Well, you defended Limbaugh for his drug use! What about Bill Clinton! What about Newt Gingrich! Dan Rather! Mel Gibson! On and on, back through time, like warning ethnic clans tracing the righteousness of their spite to payback for the reprisal for an atrocity in the 13th century.

Early on, Letterman handled his embarrassment in a way politicians in scandals could learn from: quickly, directly and without excuses. But there could still be fallout, personal and professional. He might alienate some traditional-minded former Leno viewers. Even barring sexual-harassment lawsuits or intermittent eruptions, don't expect Obama to be booked on the show again anytime soon.

Context is everything, though, and Letterman has always maintained a public persona as—and I say this with affection—a jerk. Entertainers suffer when their scandals undercut their image (see Pee-wee Herman), but Letterman has usually kept as chilly about his personal life as he keeps the Ed Sullivan Theater. If you boycotted the work of every heel, liar and philanderer, you'd opt out of much of the creative output of human history.

And the idea that Letterman is a hypocrite if he jokes about political sexcapades after his own? I'm not sure that flies. Comedians don't joke about sex scandals because they themselves are morally pure. They do it because sex scandals are funny. Letterman's is too, and—maybe as hypocrisy insurance—he's already been skewering himself over it.

But Letterman may benefit from the fact that *we're* hypocrites—at least to the extent that we compartmentalize our entertainers' morals and values from our own, and from their performances. David Letterman may indeed be a creep, but lucky for him, he's a funny one. ■

GETTING HELP MANAGING MY SYMPTOMS WAS A WAY TO MOVE FORWARD.

Maybe ABILIFY can help you.

ABILIFY (aripiprazole) is clinically proven to help control the symptoms of manic and mixed episodes of Bipolar I Disorder in adults and in pediatric patients 10 to 17 years of age. It is one of many treatment options.

Hundreds of thousands of adult patients have been prescribed ABILIFY. Ask your healthcare professional if once-a-day ABILIFY is right for you.



ABILIFY
(aripiprazole)
2, 5, 10, 15, 20, 30 mg Tablets

FOR THE ROAD AHEAD

www.abilifyinfo.com

IMPORTANT SAFETY INFORMATION:

Elderly patients with dementia-related psychosis (for example, an inability to perform daily activities due to increased memory loss) taking ABILIFY have an increased risk of death or stroke. ABILIFY is not approved for treating these patients.

Some medicines can increase suicidal thoughts and behaviors in children, teens, and young adults. Serious mental illnesses are themselves associated with an increase in the risk of suicide. When taking ABILIFY call your doctor right away if you have new or worsening mood symptoms, unusual changes in behavior, or thoughts of suicide. Patients and their caregivers should be especially observant within the first few months of treatment or after a change in dose.

- Alert your doctor if you develop very high fever, rigid muscles, shaking, confusion, sweating, or increased heart rate and blood pressure, as these may be signs of a rare but potentially fatal condition called neuroleptic malignant syndrome (NMS)
- If you develop abnormal or uncontrollable facial movements, notify your doctor, as these may be signs of tardive dyskinesia (TD), which could become permanent
- If you have diabetes or have risk factors or symptoms of diabetes, your blood sugar should be monitored. High blood sugar has been reported with ABILIFY and medicines like it. In some cases, extreme high blood sugar can lead to coma or death
- Other risks may include lightheadedness upon standing, decreases in white blood cells (which can be serious), seizures, trouble swallowing, or impairment in judgment or motor skills. Until you know how ABILIFY affects you, you should not drive or operate machinery

Most common side effects ($\geq 10\%$) from all clinical trials involving adults or pediatric patients include:

- **ADULTS:** Nausea, vomiting, constipation, headache, dizziness, an inner sense of restlessness or need to move (akathisia), anxiety, insomnia, and restlessness
- **PEDIATRIC PATIENTS (10 to 17 years):** Extrapyramidal disorder (for example, uncontrolled movement disorders or muscle disturbances such as restlessness, tremors and muscle stiffness), headache, sleepiness, and nausea

Tell your doctor about all the medicines you're taking, since there are some risks for drug interactions. You should avoid alcohol while taking ABILIFY.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch, or call 1-800-FDA-1088.

Please read the Important Product Information about ABILIFY on the adjacent page.

Individual results may vary. Actor portrayal.



Bristol-Myers Squibb



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IMPORTANT INFORMATION ABOUT ABILIFY

This summary of the Package Insert contains risk and safety information for patients about ABILIFY. This summary does not include all information about ABILIFY and is not meant to take the place of discussions with your healthcare professional about your treatment. Please read this important information carefully before you start taking ABILIFY and discuss any questions about ABILIFY with your healthcare professional.

Name

ABILIFY® (a-BIL-i-fy) (aripiprazole) (air-i-PIP-ra-zoll)

What is ABILIFY (aripiprazole)?

ABILIFY is a prescription medicine used alone or with lithium or divalproex to treat manic or mixed episodes of Bipolar I Disorder in adults or pediatric patients (10 to 17 years).

What is Bipolar I Disorder?

Bipolar I Disorder is an illness with symptoms thought to be caused by an imbalance of brain chemicals. People who have Bipolar I Disorder tend to experience extreme mood swings, along with other specific symptoms and behaviors. These mood swings, or "episodes," can take three forms: manic, depressive, or mixed episodes. Common symptoms of a manic episode are: feeling extremely happy, being very irritable and anxious, talking too fast and too much, and having more energy and needing less sleep than usual. Common symptoms of a depressive episode include: feelings of overwhelming sadness or emptiness, low energy, a loss of interest in things, trouble concentrating, changes in sleep or appetite, and thoughts of dying or suicide. A mixed episode includes symptoms that are both manic and depressive.

Who should NOT take ABILIFY?

People who are allergic to ABILIFY or to any substance that is in it. Allergic reactions have ranged from rash, hives, and itching to difficulty breathing and swelling of the face, lips, or tongue. Please talk with your healthcare professional.

What is the most important information that I should know about ABILIFY?

Elderly patients, diagnosed with psychosis as a result of dementia (for example, an inability to perform daily activities as a result of increased memory loss), and who are treated with antipsychotic medicines including ABILIFY, are at an increased risk of death when compared to patients who are treated with a placebo (sugar pill). ABILIFY is not approved for the treatment of patients with dementia-related psychosis.

Some medicines can increase suicidal thoughts and behaviors in children, teens, and young adults. Serious mental illnesses are themselves associated with an increase in the risk of suicide. When taking ABILIFY call your doctor right away if you have new or worsening mood symptoms, unusual changes in behavior, or thoughts of suicide. Patients and their caregivers should be especially observant within the first few months of treatment or after a change in dose.

Serious side effects can occur with any antipsychotic medicine, including ABILIFY. Tell your healthcare professional right away if you have any conditions or side effects, including the following:

Stroke or ministroke in elderly patients with dementia: An increased risk of stroke and ministroke has been reported in clinical studies of elderly patients with dementia (for example, increased memory loss and inability to perform daily activities). ABILIFY is not approved for treating patients with dementia.

Neuroleptic malignant syndrome (NMS): Very high fever, rigid muscles, shaking, confusion, sweating, or increased heart rate and blood pressure may be signs of NMS, a rare but serious side effect that could be fatal.

Tardive dyskinesia (TD): Abnormal or uncontrollable movements of face, tongue, or other parts of body may be signs of a serious condition known as TD, which may be permanent.

High blood sugar and diabetes: Patients with diabetes and those having risk factors for diabetes (for example, obesity, family history of diabetes), as well as those with symptoms such as unexpected increases in thirst, urination, or hunger should have their blood sugar levels checked before and during treatment. Increases in blood sugar levels (hyperglycemia), in some cases serious and associated with coma or death, have been reported in patients taking ABILIFY, and medicines like it.

Orthostatic hypotension: Lightheadedness or faintness caused by a sudden change in heart rate and blood pressure when rising too quickly from a sitting or lying position (orthostatic hypotension) has been reported with ABILIFY.

Leukopenia, Neutropenia, and Agranulocytosis: Decreases in white blood cells (infection fighting cells) have been reported in some patients taking antipsychotic agents, including ABILIFY. Patients with a history of a significant decrease in white blood cell (WBC) count or who have experienced a low WBC due to drug therapy should have their blood tested and monitored during the first few months of therapy.

Suicidal thoughts: If you have suicidal thoughts, you should tell your healthcare professional right away.

Dysphagia: Medicines like ABILIFY have been associated with swallowing problems (dysphagia). If you had or have swallowing problems, you should tell your healthcare professional.

What should I talk to my healthcare provider about?

Patients and their families or caregivers should watch for new or worsening mood symptoms, unusual changes in behavior and thoughts of suicide, as well as for anxiety, agitation, panic attacks, difficulty sleeping, irritability, hostility, aggressiveness, impulsivity, restlessness, or extreme hyperactivity. Call your healthcare provider right away if you have thoughts of suicide or if any of these symptoms are severe or occur suddenly. Be especially observant within the first few months of antidepressant treatment or whenever there is a change in dose.

Be sure to tell your healthcare provider:

- About any medical conditions you may have
- Whether you're taking any other prescription or over-the-counter medicines, vitamins, or herbal products
- Whether you're pregnant, plan to become pregnant, or are breast-feeding
- If you have or have had a low white blood cell count (WBC)
- If you or anyone in your family has had seizures
- If you or anyone in your family has had high blood sugar or diabetes

What should I avoid when taking ABILIFY (aripiprazole)?

- Avoid overheating and dehydration
- Avoid driving or operating hazardous machinery until you know how ABILIFY affects you
- Avoid drinking alcohol
- Avoid breast-feeding an infant

What are the possible side effects of ABILIFY?

Common side effects in adults include: nausea, vomiting, constipation, headache, dizziness, an inner sense of restlessness or need to move (akathisia), anxiety and insomnia. Common side effects in pediatric patients (10 to 17 years) include: extrapyramidal disorder (for example, uncontrolled movement disorders or muscle disturbances such as restlessness, tremors and muscle stiffness), headache, sleepiness, and nausea.

It is important to contact your healthcare professional if you experience prolonged, abnormal muscle spasm or contraction which may be signs of a condition called dystonia.

This is not a complete list of side effects. For full patient information, visit www.abilify.com. Talk to your healthcare professional if you have questions or develop any side effects.

What percentage of people stopped taking ABILIFY (aripiprazole) due to side effects?

In clinical trials, the percentage of adults who discontinued taking ABILIFY due to side effects was 11% and 9% for patients treated with sugar pill.

In clinical trials, the percentage of pediatric patients (10 to 17 years) who discontinued taking ABILIFY due to side effects was 7% and 2% for patients treated with sugar pill.

Can I safely take ABILIFY while I'm taking other medications?

ABILIFY can be taken with most drugs; however, taking ABILIFY with some medicines may require your healthcare professional to adjust the dosage of ABILIFY.

- Some medicines* include:
- ketoconazole (NIZORAL®)
 - quinidine (QUINIDEX®)
 - fluoxetine (PROZAC®)
 - paroxetine (PAXIL®)
 - carbamazepine (TEGRETOL®)

It is important to tell your healthcare professional about all the medicines you're taking, just to be sure.

How should I take ABILIFY?

- Take ABILIFY exactly as directed by your healthcare professional
- ABILIFY is usually taken once a day and can be taken with or without food
- If you miss a dose, take it as soon as you remember. However, if it is time for your next dose, skip the missed dose and take only your regularly scheduled dose
- Talk to your healthcare professional before stopping ABILIFY or changing your dose

General advice about ABILIFY:

- ABILIFY should be kept out of the reach of children and pets
- Store ABILIFY Tablets and the Oral Solution at room temperature
- For patients who must limit their sugar intake, be aware that ABILIFY Oral Solution contains sugar
- For patients who cannot metabolize phenylalanine (those with phenylketonuria or PKU), ABILIFY DISCMLT® contains phenylalanine
- If you have additional questions, talk to your healthcare professional

Find out more about ABILIFY:

Additional information can be found at www.abilify.com/bipolarisorder

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Joe

Klein

The Middle Option. Is Obama feuding with his generals about Afghanistan? There's more consensus than meets the eye

A FEW WEEKS AGO, A WELL-KNOWN U.S. military expert gave a wise speech about the near impossibility of making a counterinsurgency (COIN) strategy work in Afghanistan. He gave two examples. The first was digging a well: "How could you do anything wrong by digging a well to give people clean water?" Well, you could create new enemies by where you dug the well and who controlled it. You could lose a village by trying to help it. And then there was the matter of what he called COIN mathematics. If there are 10 Taliban and you kill two, how many do you have left? Eight, perhaps. Or there might be two, because six of the remaining eight decide it's just not worth fighting anymore. Or you might have 20 because the brothers and cousins of the two dead fighters decide to take vengeance. "When I am asked what approach we should take in Afghanistan," General Stanley McChrystal concluded, "I say humility."

Yes, this was the infamous McChrystal London speech that allegedly put the military at odds, publicly, with President Obama. Actually, the controversy was all about a comment McChrystal made during the question-and-answer session, when he said a switch from counterinsurgency to a counterterrorism strategy, in which American troops are withdrawn and the war against al-Qaeda is fought mostly with drones and special forces, would be "shortsighted." A week later, the President said essentially the same thing at a meeting of congressional leaders. And while it could be argued that McChrystal overstepped by dissing one possible course of action in the midst of

McChrystal may have overstepped by dissing one possible course of action. But the option dissed wasn't necessarily under consideration

presidential strategy review, it could also be argued that the option dissed was not under consideration.

In fact, most of the hoo-hah about Obama's Afghanistan strategy review has been a matter of smoke and mirrors. In a recent issue of this magazine, for example, Leslie H. Gelb—a prominent "opponent" of the current strategy—came out against the military's all-in option in Afghanistan, favoring instead a plan that would add three brigades, about 15,000 additional troops, this year. But the military's



all-in option, a request for 40,000 more troops, is just that: an option. It is the upper end of three options that McChrystal has offered the President, I'm told; the low option was 10,000 troops, and the middle one was 25,000. When Presidents are offered a menu like that, we know what they usually pick. I'd be willing to bet that the plan Gelb laid out is close to what the Administration will decide to do in the next few weeks—two brigades, or 10,000 troops, will probably be sent to secure Kandahar city and environs, and one other brigade will be sent to train and advise the Afghan security forces.

Why, then, all the excitement and controversy? Politics, pure and simple. There is an effort afoot by neoconservatives, led by Senator John McCain, to paint the President as flaccid on national security. McCain has been going

around for the past few weeks telling all comers—heatedly, at times—that Obama's strategy review is essentially a waste of time, that the President has to, *has to*, go with the 40,000-troop option in Afghanistan. The Obama Administration, unnecessarily defensive, added fuel to the fire by having National Security Adviser Jim Jones and Secretary of Defense Robert Gates obliquely chastise McChrystal for public lobbying.

Obama has made some mistakes on Afghanistan, and so has the military, but having a six-month strategic review is not one of them. No doubt, the President should have spoken with McChrystal more than once over the summer. The military's mistake was going ahead with a flawed battle plan that did not secure

Kandahar, the second largest Afghan city and the fulcrum of the insurgency. That mistake made the six-month strategy review necessary, as did two other factors: the disastrously corrupt Afghan presidential election and a vastly improved capability to gather intelligence on al-Qaeda, which has resulted in the killing of more than half of the 20 targeted al-Qaeda leaders. Several of the principals involved in Obama's strategy review have told me that their ultimate position on troop levels will depend on whether a plausible government, newly committed to reform, emerges when the Afghanistan election process is finally completed. Either way, the increased success against al-Qaeda could mitigate the need for a full counterinsurgency strategy. "That's the central question of the internal debate," a senior Defense official told me.

In the end, it is a shame that smoke and puffery have obscured McChrystal's excellent speech. Those who speak of winning or losing in Afghanistan are using a primordial vocabulary. But the essential humanity at the heart of the counterinsurgency strategy—the idea that we succeed if we work at helping people—makes it worth trying. As the man said, this is about humility. In the 21st century, real power may be all about figuring out the right place to dig a well. ■

THE ECONOMY

Why It's Time To Retire the 401(k)

Last year's market wipeout showed the vulnerability of the popular retirement-savings accounts. But the data are telling us that even in the long run, consumers need better options

BY STEPHEN GANDEL

RETIREE ROBERT SHIVELY SPENDS his days on the golf course. For many, that would be a dream come true, but not quite in the way Shively does it. The 68-year-old is the cart mechanic at the Niagara Falls Country Club.

Two and a half decades ago, his then employer, Occidental Petroleum Corp., cut its traditional defined pension plan in favor of a 401(k)-type system. So instead of getting a guaranteed pension check of \$1,308 a month for his 36 years as a full-time, salaried employee, the former chemical-factory worker receives \$225 a month from his 13 years as an hourly employee, plus \$180.16 a month from a profit-sharing plan Oxy had for salaried employees until 1994. He also has \$70,000 left of the money he saved from his tax-deferred 401(k). On the days he works, Shively rises at 5 a.m. to get to the golf course. He mostly enjoys the job. But on tournament mornings, he has to be at the course at 4 a.m. A few years ago the country club switched from gas

to electric carts, some of which have four 84-lb. batteries each. Every year, Shively and another worker have to lift out all the batteries and store them for winter. "Your body aches all over," he says.

This isn't how retirement was supposed to be.

If you have even peeked at your account statements in the past year, it's painfully obvious that something is wrong with the way we save. The tax-deferred 401(k) plan, and others like it, such as the 403(b) and the IRA, have become our nation's go-to retirement piggy bank. Invented nearly 30 years ago as an executive perk—one more way to dodge Uncle Sam—the 401(k) was never meant to replace the employer-guaranteed pension fund, supplemented by Social Security, as the cornerstone of our nation's retirement system. But propelled by a combination of companies looking to cut costs and consumers who wanted control of their retirement destiny, that's exactly what happened.

The ugly truth, though, is that the

401(k) is a lousy idea, a financial flop, a rotten repository for our retirement reserves. In the past two years, that has become all too clear. From the end of 2007 to the end of March 2009, the average 401(k) balance fell 31%, according to Fidelity. The accounts have rebounded, along with the rest of the market, but that's little help for those who retired—or were forced to—during the recession. In a system in which one year's gains build on the next, the disaster of 2008 will dent retirement savings long after the recession ends.

In what must seem like a cruel joke to many, the accounts proved the most dangerous for those closest to retirement. During the market downturn, the 401(k)s of 55-to-65-year-olds lost a quarter more than those of their 35-to-45-year-old colleagues. That's because in your early years, your 401(k)'s growth is driven mostly by contributions. You control your own destiny. But the longer you hold a 401(k), the more market-exposed it becomes. It's a twist that breaks the most basic rule of financial planning.



At the end of 1998, the average 401(k) balance was \$47,004.
For the sake of comparison, think of that as

\$100



By the end of 2008, the average balance was down
to \$45,519. Put that in terms of the original \$100 and
adjust for inflation, and all you've got left is

\$73.32



So much for building up your nest egg. According to Vanguard,
the median investor in 401(k)s and similar accounts lost 29.2% in 2008.
The five-year return was -0.5%



Cart mechanic Robert Shively, 68, worked in a chemical plant for 36 years, but that didn't earn him an easy retirement. Three-quarters through his tenure at Occidental, the company started the shift from a pension to a 401(k). The account didn't prove to be a safe bet. Shively says he enjoys working on a golf course. Plus, he has other Oxy retirees to keep him company

ANNUAL 401(K) INCOME	\$8,000
WHAT A PENSION WOULD HAVE PAID	\$15,666

The Society of Professional Asset-Managers and Record Keepers says nearly 73 million Americans, or just under 50% of our working population, now have a 401(k). And collectively we pour more than \$200 billion into these accounts each year. But retire rich? Don't bet on it. The average 401(k) has a balance of \$45,519. That's not retirement. That's two years of college. Even worse, 46% of all 401(k) accounts have less than \$10,000. Today, just 21% of all U.S. workers are covered by traditional pensions, and the number shrinks every year. "The time may have come to consider returning 401(k) plans to their original position as a third tier of retirement planning, behind pensions and Social Security," says Alicia Munnell, who heads the Center for Retirement Research at Boston College. "They should not be the thing we rely on for retirement security." And the gov-

ernment seems to agree. This summer, the Government Accountability Office concluded, "If no action is taken, a considerable number of Americans face the prospect of a reduced standard of living in retirement." That's what is known as an understatement.

The 401(k)'s defenders say bad markets don't make the accounts a bad idea—and that it's still too soon to tell whether they work. Many companies adopted them less than 20 years ago. Even then, most firms (including mine) still provided pension plans to their workers. So boomers retiring now were never focused on piling money into 401(k)s. In order for the plans to succeed, workers have to stash savings regularly for about 30 years. Most accounts haven't been around that long.

One exception is Occidental Petroleum. In 1983 the energy and chemicals giant, then No. 14 on the FORTUNE 500, became

the first large company to toss its pension and switch to a defined-contribution 401(k)-type system. That was at least a decade before most other large companies made a similar switch, which makes the experience of Oxy Pete and its employees an ideal window on the 401(k).

We talked to nearly two dozen former Occidental employees. All of them are alumni of the company's chemicals division and worked in a Niagara Falls plant. Not all are 401(k) disaster stories, and most had good things to say about Oxy Pete. Some said they were very happy with their 401(k). Jim Maul, 70, has two cars and a boat and travels regularly.

But all the people who shared their financials with us would have been better off in a pension. And nearly all of them, save possibly Maul, do not have the resources they need to live another 20 years in financial comfort. "It's the biggest scam

ever put over on the American people," says Dennis O'Neil, a former human-resources executive who worked for Occidental for 29 years.

The idea that we could ever save enough to pay for 30 years of leisure is a relatively recent invention. An entire profession, financial planning, is dedicated to telling people they can, and must, pay for their own retirement. A 401(k) is usually a central part of those plans. Even for people who don't have enough money to send their kids to college or buy a home, building their 401(k), they are told, is their first priority. It's not terrible advice. The accounts grow tax-free, though you have to pay Uncle Sam's levy when you cash out. Unlike health coverage, you don't lose your 401(k) when you lose your job. And once you set the account up—a minor task at most companies—it's automatic, making it an easy, thought-free way to save. Indeed, Americans have more saved specifically for retirement than ever before. But the past year has shown that even with our added savings, we are at much greater risk today of our bank accounts running empty than when employer-guaranteed pensions were the norm. By Munnell's calculations, 44% of all Americans are in danger of going broke in their postwork years.

A Brief History of the 401(k)

CONGRESS WAS TRYING TO CLOSE A LOOPHOLE on executive bonuses when it created the 401(k). Most companies intended 401(k)s—which were originally called salary-reduction plans but then renamed for the portion of the tax code that makes them possible—to be a perk for highly paid executives, not a pension replacement. That's because lower-paid employees probably could not afford to defer a portion of their paychecks. So companies held on to their pension systems even as they added 401(k)s, which by law they had to make available to all employees. When the market took off in the 1980s, the rank and file clamored to get in.

With a 401(k), contributions came out of your pay but were not taxed, and you had control of them. Contributions could be added or suspended. Best of all, when you left your company, your 401(k) traveled with you, removing a penalty for switching jobs that had been built into the pension system. On the corporate end, a change in accounting rules made the growing cost of pensions more apparent to shareholders. Cutting the pension was a guaranteed way to improve the bottom line. The rise of the 401(k) began.

Around the same time, Occidental was having problems. In the late 1960s the

DEFINITIONS

Defined-benefit plan A pension.

An employer-funded and -run account that promises a monthly check to retirees

Defined-contribution plan A

401(k)-type plan. You fund the tax-deferred account out of your paycheck, but you control it

company bought Hooker Chemical Co. in an effort to diversify. But in the 1970s, allegations surfaced that toxic waste that Hooker dumped into the ground during the 1940s and early '50s was causing severe health problems in Niagara's Love Canal neighborhood. Oxy Pete needed cash to shore up this and other problems, and its CEO, Armand Hammer—flamboyant, powerful and ultimately corrupt—came up with a solution: raid the retirement kitty. Amazingly, this was legal at the time, and Hammer wasn't alone in doing it.

High interest rates in the inflationary 1970s produced solid returns for Oxy's bond-heavy pension fund—so much so that Oxy's accountants figured the plan was overfunded by \$600 million. For Oxy to get at that cash, pension laws required it to close its fund and start again.

It did so with a far cheaper option: the employee-funded 401(k). The company made it clear that with the high interest rates at the time, Oxy employees could see their 401(k) account balances soar with little risk. Few doubted it—Oxy, like most other big companies of that era, had always taken care of its own.

At first, Occidental's union workers were not allowed into the plan. So when Ernie Lucantonio was offered a supervisor job in the fire-retardant division at Occidental, part of the reason he took it was to get into the 401(k). "The 401(k) forced you to save money, because you couldn't touch it," says Lucantonio. "I was making good money, but I wasn't saving anything. I had three kids going to college. So the 401(k) forced me to save, which I needed."

After 34 years, he left Oxy in 2005. Lucantonio, 61, is proud of what he has been able to afford in retirement. He and his wife bought a cabin in New York's hilly Southern Tier. "It's even got ceramic tile in the kitchen," he says. He would like to spend more time there, but like many other former Occidental employees we talked to, he's had to unretire into a new job. He is a real estate agent.

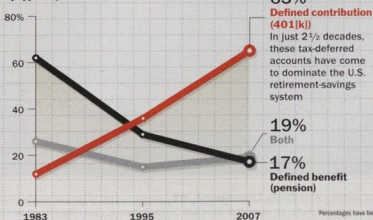
If Occidental had stuck with its pension plan, Lucantonio might not have to work. When he retired, he had a salary of nearly \$80,000. That means he would have received a pension check of about \$3,100 a month.

THE 401(K) ERA

Leaving the Defined Pension in the Past

The days of employer-funded pensions, and their federally guaranteed payouts, are declining

Workers' retirement savings by type of plan



Percentages have been rounded.
Source: Center for Retirement Research at Boston College

It would be nice if 401(k)s could produce a guaranteed check as pensions do. But most 401(k)s don't generate enough income, and Lucantonio's is no different. He retired from Occidental with \$350,000 in his 401(k). That's a hefty sum, but he can withdraw just 4% of it annually, or about \$1,200 a month, to limit the chances of outliving his money. That's 60% less than what the traditional pension would have paid him.

Dennis O'Neil plays the part of a former HR executive well. You can find O'Neil, who left Oxy on disability a few years ago, on a golf course, clad in picture-perfect golden-years attire: a black Izod shirt with white shorts, faux-alligator-skin cleats, Ray-Bans, a gold shamrock hanging from a gold chain on his neck and a black baseball cap. But O'Neil's retirement outlook is growing darker every day. He once made a six-figure salary, but the 63-year-old is fairly certain that his savings won't be able to sustain him for very much longer. He has some \$500,000 left in his 401(k) and

spends about \$75,000 a year. At this rate, he worries he will tap out his retirement savings within the next decade.

Unless, as O'Neil's thinking goes, he can make something happen in the stock market. So he spends much of his day watching CNBC. "Right now, I want to know which area of the economy is going to recover first. Will it be retail? Commodities? Energy?" says O'Neil. Playing the market is probably the wrong thing to do (see page 35), but he got divorced eight years ago, depleting a good portion of his savings, and his medical bills are likely to go up soon. O'Neil is going blind from histoplasmosis. These days he has to golf with a friend. He would like to buy a house in Florida before he loses his eyesight completely, but he just can't afford it.

Under Occidental's old pension plan, he would have gotten a monthly check of about \$2,200. More important, he wouldn't have to spend much of his remaining eyesight squinting at CNBC, wondering how

he will afford the rest of his life. The pension check would have been guaranteed until he died. "I'm a pretty optimistic guy, but I'm still worried," says O'Neil. "Ten years from now, where am I going to be after I burn through the cash?"

Where 401(k)s Go Wrong

IN THEORY, 401(K)S SHOULD PROVIDE MUCH more of a retirement cushion than they do. A 2007 study from the National Bureau of Economic Research (NBER) estimated that, on the basis of historical returns, by 2040 the average 401(k) of a near retiree would grow to an inflation-adjusted \$451,944. That money, spread over 30 years, could replace at least 50% of the average retiree's income. Add Social Security and even highly paid workers will probably earn more than 80% of their preretirement income. "The only reason these accounts haven't lived up to their potential is that they haven't gotten enough time," says James Poterba, president of the NBER, who co-authored the study.



Real estate rep Ernie Lucantonio, 61, put 6% to 15% of his pay, plus a company match, into a 401(k) for 19 years. Half went into Occidental stock. (Investing more than 10% in your company is a no-no.) Last year Oxy's stock plummeted, and his 401(k) tumbled \$200,000. Luckily, Lucantonio has been selling real estate since 1997, which helps cushion the blow

ANNUAL
401(K) INCOME

\$21,000

WHAT A PENSION
WOULD HAVE PAID

\$37,200

A Shrinking Retirement Nest Egg

Tough times in the stock market have left the average retirement-account holder worse off than 10 years ago

In practice, 401(k)s haven't been nearly so rewarding. When Boston College's Munnell looked at the returns 401(k)s have actually produced compared with the projections, the difference was sobering. The average 55- to 64-year-old should have a 401(k) balance of \$320,000. In fact, at the end of 2007, the average 401(k) of a near retiree held just \$78,000—and that was before the market meltdown.

Why don't these accounts amount to much? Munnell found a number of reasons. Some people don't contribute as much as they should—essentially ignoring free money from company matches and tax relief. And, as the original engineers of the 401(k) suspected, the less you earn, the less you are likely or able to contribute. For most employees, the maximum contribution to a 401(k) is \$16,000 annually. She found that just 5% of people earning \$80,000 to \$100,000 maxed out, compared with 30% of those making \$100,000 or more.

Additionally, to get the hypothetical higher returns over time and avoid investing disasters, you have to hold a diversified portfolio of stocks and bonds. Many of us don't. Munnell found that 14% of workers held no stocks at all, leading to weaker-than-average returns. On the opposite end, more than a quarter of all 401(k)s were 100% stocks, exposing those accounts to big losses when the market dropped.

Earlier this year, mutual-fund company T. Rowe Price tried to determine the optimum retiree portfolio—the mix of stocks and bonds that would produce the highest returns without the risk of the nest egg running out. To do this, the analysts ran something called a Monte Carlo simulation, which mimics the real-life ups and downs of the market. Most of the time, the market goes up slightly. But some years—*ka-pow!*—stocks and bonds do spectacularly poorly. What T. Rowe Price found should frustrate anyone who has spent time wondering if 25% of a portfolio should be in international bonds or small-cap stocks. No portfolio is 100% safe from disaster.

Trying to boost returns by adding stocks can make matters worse. Even if you withdraw a mere 4% a year from your 401(k) and have an ultraconservative portfolio of 80% bonds and 20% stocks, you still have a chance of outliving your retirement account. Swap the bonds for stocks, and the chance of outliving your money actually rises. In reality, most of us don't have nearly enough in our 401(k) to live off just 4%. At a 6% withdrawal rate, hypothetical retirees in more than a third of the Monte Carlo simulations crapped out.

Saving more, another common pre-

scription for fixing the 401(k), has its downside too. That's because of another unpleasant quirk of the 401(k), which was mentioned earlier: the older you are, the riskier a 401(k) gets. That's because contributions make up a very big part of the account's growth in the early years. Later on, once the account has grown, it is much more sensitive to market drops.

Imagine a worker who earns \$100,000 a year for 30 years. Each year she puts 5% of her income into her 401(k). Through most of her working life, the market does pretty well, boosting her diversified portfolio 5% a year on average. When she retires, our worker will have \$332,194 in her account. Now imagine a second, thriftier worker contributing 7.5% of his salary, or \$25,000 more a year, to his 401(k). But in this scenario, the market does a 2008 in the last year before he retires, and his account drops 30%. Result? Even after saving 50% more a year for 30 years, worker No. 2 ends up with a balance of \$327,194—\$5,000 less than the first worker.

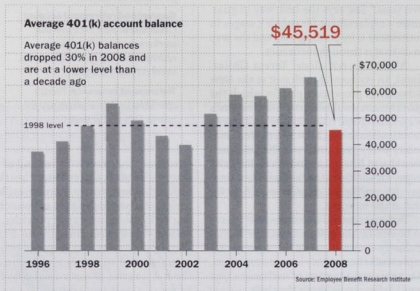
The 401(k) Alternative

SO WHAT CAN BE DONE TO FIX OUR retirement-savings mess? Most of the proposed fixes to our retirement plans have to do with getting people to save more or invest better. The most popular solution is the so-called automatic 401(k). Under that plan, all workers would be enrolled in

401(k)s when they're eligible. Companies would establish default settings to boost returns and make the portfolios safer as workers near retirement. People who worked for companies that didn't offer 401(k)s would be automatically enrolled in savings accounts. In other words, make inertia work for employees, not against them. However, a number of economists and policy experts think that while those changes would help, upgrading the 401(k) alone won't save the nation's retirement-savings problem.

Here's why: Remember, the biggest factor in whether the 401(k) works as designed has to do with *when* you retire. If the market rises that year, you're fine. If you retired last year, you're toast. And the chances of your becoming a victim of this huge flaw in the 401(k) plan are pretty high. The market fell in four of the nine years since the beginning of the decade. That means anyone retiring this decade had a nearly 50% chance of leaving work in a down market. In fact, your chances of retiring into a down market are even greater than that: forced retirements spike in recessions just as the stock market is tanking.

The solution: a new type of insurance. Retirement savings, it turns out, are exactly the type of asset we need insurance for. We need insurance to protect against risks we can't predict (when the market collapses) and can't afford to recover from



on our own. "People tend to meld savings and insurance in their mind, but they are not substitutes," says Nancy Altman, a former Harvard professor and the author of *The Battle for Social Security*. "It's fine to have a savings plan as a supplement but not as the main retirement protection for everyone." She says the best way to guarantee a replacement for people's wages in retirement is by pooling risk, and the way to do that is through insurance.

Altman is not alone. Teresa Ghilarducci, an economics professor at the New School, has proposed a plan in which the government would divert 5% of everyone's wages. In return, you would be guaranteed in retirement a check for 26% of your final salary every year until you died. Altman would also like to expand Social Security to pay an additional 20% of workers' final pay. It's unlikely Congress would go for that at the moment.

But guaranteed accounts don't have to be run by the government. The ERISA Industry Committee (ERIC), a group that represents the nation's largest employers, has proposed a system of exchanges that would allow individuals the ability to buy a guaranteed retirement account on their own. Some government regulation would be needed, but it would be a private plan.

What the ERIC plan and others like it are essentially proposing is a form of

3 FIXES FOR 401(K)S

Automatic 401(k) System of defaults gets you to save more and invest more wisely. No protection for market meltdowns

Guaranteed retirement account Government plan to ensure that workers receive 26% of pay in retirement on top of Social Security. Workers pay 5% a year

Retirement insurance Policies offered by private insurers pay for nearly 30% of retirement

retirement insurance. So instead of putting 6% of your salary into a 401(k) or some other investment account, each pay period you would send 6% of your check to a retirement-insurance provider. The policy would work similarly to a traditional pension in that it would provide a guaranteed monthly check equal to about a quarter of your final pay, from when you quit working until you die. Some employers might even be willing to pay the annual premium as a perk. If not, employees would pay for it much as they currently fund their own 401(k)s. But the policy would be portable. Contribute for

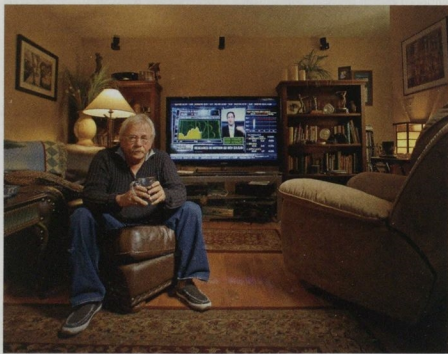
30 years and you would be guaranteed income in retirement, no matter how many employers you worked for. Combine your retirement-insurance check with the money you get from Social Security, which can equal as much as 50% of final pay, and presto: you have something approaching retirement security.

Would it be feasible, politically or otherwise, to get people to dispense with their 401(k)s? Corporations, for one, are not the least bit interested in taking on pensions again—the cost would be enormous, and the expense makes them less competitive globally. "There are people in the Obama Administration who are supportive of some kind of guaranteed system," says Dean Baker of the Center for Economic and Policy Research. "People should not have to shoulder the risk of a bad turn in the market."

Nonetheless, a government-run system is not in the cards. "I think there is broad political support for the government administering some sort of retirement plan," says Christian Weller, a senior fellow at the liberal-leaning Center for American Progress. "But even if health-care reform is passed, the debate over the public option has made a similar solution for retirement less likely."

But many policy experts say some type of change to our retirement-savings system is coming. First of all, given the market carnage, there is some backing for the idea—not to mention anger and disappointment among retirees who can't really retire. Recent opinion polls show that people would be willing to give up the flexibility of a 401(k) for a guaranteed return. What's more, the fact that ERIC supports a guaranteed plan is encouraging. "Whether the 401(k) is a perfect plan or even the right plan is something that is being questioned in Congress," says Democratic Representative George Miller of California, chairman of the House Education and Labor Committee. "When you have seen the market's ability to create bubbles, you've got to ask whether the people trying to save for retirement should have to ride that risk."

Back at the golf course, Shively is not the only former Occidental employee toiling away in his retirement. There are three other former Oxy Pete workers among the staff. All would be better off today—and probably playing the course as opposed to working it—had Occidental stuck to its pension system. Still, Shively says he is not mad at his former employer. And so far, he hasn't found working in retirement to be too bad. Let's hope we all think the same. —WITH REPORTING BY CHRISTOPHER MAAG/NIAGARA FALLS ■



CNBC junkie Dennis O'Neil, 63, worried that his 401(k) will run dry, studies the market. He knows the odds of hitting it big in his 401(k) are long

ANNUAL 401(K) INCOME	\$20,000
WHAT A PENSION WOULD HAVE PAID	\$26,400

Don't Give Up Yet

Sure, your 401(k) took a beating. But it can still be a big contributor to retirement savings

OKAY, YOUR 401(K) HASN'T LIVED up to the hype, but remember that even Warren Buffett lost \$25 billion in the Great Recession. You've just survived one of the most harrowing periods in the history of modern finance. If you lost less than a third of your portfolio, you fared reasonably well. Your 401(k) may not be all it was cracked up to be, but with tax-deferred growth and a company match, it's still one of the best tools you have to get your retirement back on track. Handled with care (diverse, conservative investments) and given time to replenish (five to 10 years), it can grow large enough to be converted into a meaningful lifetime income stream at retirement. Here's a five-step revival plan.

Save more. It's never easy. But it's not as difficult as you may think, and cheaping out is cool today. "It's time to become an obsessive saver," says Dave Ramsey, author of *The Total Money Makeover*. Start looking at what you spend on cars, travel, cable and phone services. You may be able to save hundreds of dollars a month right there. Refinance the mortgage while rates are still low. Use any new savings to pay down your highest-rate credit cards first. An alternative approach is to target your smallest debts first in order to experience success and build momentum to pay off larger loans. Once you've paid off a debt, apply the full monthly savings to other debts and long-term savings.

Cut off your grown kids. Nine in 10 parents of adult children admit to having helped their kids financially—and a third of

them concede that this aid is setting back their retirement aspirations, according to financial advisers at Ameriprise. "Have the courage to say no," says Renee Porter-Medley, a financial planner at Key Private Bank in Fort Myers, Fla. State colleges and small weddings are fine; you are under no obligation to help with a down pay-



ment. If the kids need money, let them get loans. They have decades to repay them; you can always help out later.

Rebalance your portfolio. Most people don't look at their statements when the market is going south—much less do anything about shifting their asset mix. Look at what you own—now! If you went into the downturn with 60% stocks and 40% bonds and have done nothing, your mix is now about 50-50. You have cut your exposure to stocks just as they have become more likely to rise. How important is it to get back to 60-40 (or any other target mix that has been skewed by volatile markets)? A starting balance of \$100,000 that was 60% stocks and 40% bonds in 1970 and was never rebalanced would have grown to \$2.9 million by 2008. That same portfolio rebalanced annually would have grown to \$3.5 million, according to the Schwab Center for

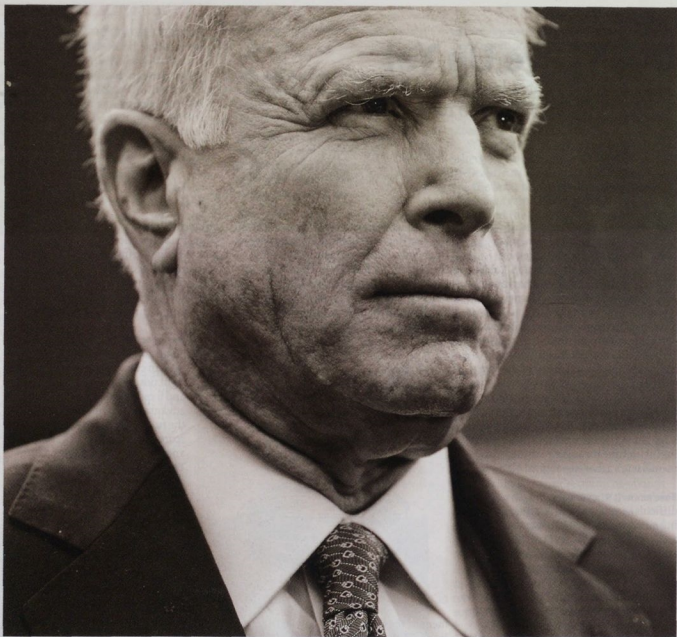
Financial Research. Keep at least 25% of your stock allocation in foreign companies to hedge against a weak dollar and a lagging U.S. economy. Limit your Treasury securities to 10% of your bond holdings to hedge against a widely anticipated surge in government borrowing rates.

Be opportunistic. The recession has an upside. A lot of things you'll need in coming years are cheap right now—like cars and houses and fixed-rate mortgages. Take advantage now to save money in the future. Improve your credit score by reducing your card balances to 10% of available credit. This will shave future borrowing costs. If you're under 50, you have a lot of time to recover, so contribute enough money to get the full match in your 401(k). If you're 50 to 65, take advantage of the catch-up provision that lets you stash an extra \$5,500 in your 401(k) every year. If you are retired, give your nest egg time to replenish by forgoing for five years any distribution

increases you had planned to offset inflation. That simple step puts the odds of not outliving your money back in your favor, according to T. Rowe Price.

Work longer. You knew this was coming. Working longer allows you to save longer and delay the date of withdrawals. It also reduces the number of years that your assets will have to generate income in retirement—a powerful combination. In addition, you'll probably be able to postpone collecting Social Security and become entitled to a higher monthly benefit. A typical 62-year-old would boost annual retirement income 22% if he worked three more years and 39% if he worked five more years, says Christine Fahland, senior financial planner at T. Rowe Price. "Be flexible with your retirement date," she advises. "In today's world of greater longevity, retiring at 60 or 62 is getting less realistic anyway." ■

The recession has an upside. A lot of the things you'll need in coming years are cheap right now—like cars and houses and mortgages



Don't look back McCain after an Oct. 6 meeting on Afghanistan with Obama

NATION

Voice in the Wilderness

A year after his defeat, John McCain is tussling again with Barack Obama—and challengers from his own party

BY JAY NEWTON-SMALL

AT A WHITE HOUSE MEETING OCT. 6, Senator John McCain of Arizona urged President Barack Obama to make a decision about additional troops in Afghanistan quickly and not make it a "leisurely process." Senator Carl Levin of Michigan noted that it had taken Obama's predecessor George W. Bush three months to order a surge in Iraq. Then Obama spoke. "John, I can assure you this won't be leisurely, as nobody feels more urgency to get this right than I do."

Is McCain about to re-enter the fray? If so, it is a journey that has been nearly a year in the making. Since his defeat by Obama 11 months ago, McCain has spent much of his time in a self-imposed exile. He returned to Washington without a long list

'People thought he'd be the Republican building bridges [with Obama]. But he's been more like the guy blowing up the bridges.'

—MARK MCKINNON,
A LONGTIME MCCAIN ADVISER

of bills he was keen to pass. He could see that his Democratic friends felt no need to cut deals while they held a lopsided margin in the Senate. Several veteran aides who helped guide him in campaigns past have left town or consult from a greater distance. Longtime advisers and Senate colleagues report that he has struggled to regain his footing and voice. "He probably won't run [for President] again," says Senator Joe Lieberman, one of McCain's closest friends—which may be why he has found it difficult to move on.

Those who know him best say that if McCain has regrets about the race he ran or his choice of Sarah Palin to be his running mate, they do not show. He tells his staff over and over again, "Don't look back in anger." Several of his former advisers say he is still sore at many of his fellow Republicans who mocked his selection of Palin or who McCain believes did not work overtime to help him. His friends blame the media and the economy for McCain's loss, while former aides grumble about Palin and the general embarrassment she engendered for the GOP. By all accounts, McCain—who declined to include Palin on a list of potential 2012 candidates during a *Tonight Show* appearance in April—is dreading what Palin might say in *Going Rogue*, her book due next month. "The part I'm looking forward to most is the part where it energized our campaign and her selection put us ahead in the polls," McCain told a crowd at a recent Washington conference. "The part I am looking forward to least is some of the disagreements that took place within the campaign."

McCain may soon face an even bigger challenge. Former Arizona Congressman J.D. Hayworth, a favorite of conservatives who has been critical of McCain's work on immigration reform, told TIME he is thinking of challenging McCain in next year's GOP Senate primary. "There's a great deal of respect for John as a historical figure," Hayworth said on Oct. 5. "But he's long been at odds with the conservative base of the Republican Party and more recently with Arizonans." Hayworth cites a recent poll that found 61% of Arizona Republicans think McCain has lost touch with his party. "It's not a visceral dislike. It's just, I think, a dis-

appointment." If Hayworth runs, he would join two other conservatives trying to unseat McCain. In a sign of the incumbent's concern, he has already raised \$4.7 million to defend himself, and he has more than \$20 million left over from 2008. Prevailing in the primary would all but secure McCain a fifth term in the Senate: Democratic leaders in Washington say they aren't bothering to recruit a local Democrat to face him.

Maverick No More?

THE CHALLENGE ON HIS RIGHT FLANK helps explain why McCain has been withering in his criticism of Obama. To some of his former admirers on the left, McCain's gracious election-night concession speech seemed to signal the return of the true McCain: a buoyant dealmaker more interested in crossing the aisle than in scoring partisan points. But McCain's campaign edge hasn't gone away. "A lot of people, including me," says Mark McKinnon, a longtime adviser, "thought he might be the Republican building bridges to the Obama Administration. But he's been more like the guy blowing up the bridges."

In addition to pressuring Obama on Afghanistan, McCain has criticized the President for what he calls Obama's hypocritical hiring of lobbyists. He blasted the White House's decision to kill a missile-defense project in Eastern Europe planned by Bush. McCain has declined to join bipartisan talks on climate change, though he has written similar legislation in the past. And on health-care reform, an issue that he criticized Obama for being fuzzy about during the campaign, McCain has said, "Americans have made it abundantly clear that they do not want government taking over their health-care decisions."

Because McCain is targeting Democrats instead of Republicans, he has warmed—for now, anyway—his relations with party colleagues. GOP leaders who once

lived in fear of McCain's bombs now toast him at party conferences and join him in chummy colloquies on the Senate floor. McCain spent part of his summer vacation touring the country with minority leader Mitch McConnell, a longtime nemesis on campaign-finance reform, and the two men inveighed against the evils of Obamacare. "He's been constructive. He's been part of the team," says Senator Lamar Alexander of Tennessee. "He's provided the kind of adult, grownup leadership that we need in the Republican caucus." When asked for examples of McCain's maverick nature, Alexander flashes a smile, saying, "I can't think of any." Does that mean Republicans are at last falling in love with McCain? "John dove back in on his issues," says Senator Johnny Isakson, a Georgia Republican. "But I don't see him trying to take the role of de facto head of the party."

McCain can still be an irritant to both sides. During a private GOP lunch last month, McCain ripped into Thad Cochran of Mississippi, the top GOP appropriator, who has long been McCain's archrival on earmarks. (As is his custom, Cochran remained stoic throughout the ordeal.) Just a month after the death of his friend Ted Kennedy, McCain took to the floor and railed against a \$20 million earmark for a center for the study of the Senate in Kennedy's name at the University of Massachusetts. "I can't let my affection for Senator Kennedy affect my principles about earmarks on appropriation bills," he told TIME as he left the floor.

Such quixotic struggles give some hope that McCain will soon reclaim his maverick mantle. His appearances on the Sunday talk shows are more frequent, and the man who proudly admitted during last year's campaign that he didn't use e-mail is now Twittering and toting a BlackBerry. (One recent tweet: "Great meeting & tour of the Capitol with [actress] January Jones, who is an advocate for sharks. I am a huge fan of 'Mad Men'!") McCain's Oct. 6 exchange with Obama on Afghanistan was the clearest sign yet that the irascible "Mac" may truly be back. "The old captain," says McKinnon, "still has a lot of fight left in him." —WITH REPORTING

BY MICHAEL SCHERER/WASHINGTON ■

Calling 'Em Out. Why the Obama team is starting to play hardball with an erstwhile ally: the press

BY MICHAEL SCHERRER



Going on offense Obama aides say they can't rely on reporters to referee public debates

THERE WAS NEVER A SINGLE MOMENT when White House staff decided the major media outlets were falling down on the job. There were instead several such moments.

For press secretary Robert Gibbs, the realization came in early September, when the *New York Times* ran a front-page story about the bubbling parental outrage over President Obama's plan to address schoolchildren—even though the benign contents of the speech were not yet public. "You had to be like, 'Wait a minute,'" says Gibbs. "This thing has become a three-ring circus."

For deputy communications director Dan Pfeiffer, the more hyperbolic attacks on health-care reform this summer, which were often covered as a "controversy," flipped an internal switch. "When you are having a debate about whether or not you want to kill people's grandmother," he explains, "the normal rules of engagement don't apply."

And for his boss, Anita Dunn, the aha moment came when the *Washington Post* ran a second op-ed from a Republican politician decrying the "32" alleged czars appointed by the Obama Administration. Nine of those so-called czars, it turned out, were subject to Senate confirma-

tion, making them decidedly unlike the Russian monarchs. "The idea—that the *Washington Post* didn't even question it," Dunn says, still marveling at the decision.

All the criticism, both fair and misleading, took a toll, regularly knocking the White House off message. So a new White House strategy has emerged: rather than just giving reporters ammunition to "fact-check" Obama's many critics, the White House decided it would become a player, issuing biting attacks on those pundits, politicians and outlets that make what the White House believes to be misleading or simply false claims, like the assertion that health-care reform would establish new "sex clinics" in schools. Obama, fresh from his vacation on Martha's Vineyard, cheered on the effort, telling his aides he wanted to "call 'em out."

'The only way to get somebody to stop crowding the plate is to throw a fastball at them. They move.'

—ROBERT GIBBS, PRESS SECRETARY

The take-no-prisoners turn has come as a surprise to some in the press, considering the largely favorable coverage that candidate Obama received last fall and given the President's vows to lower the rhetorical temperature in Washington and not pay attention to cable hyperbole. Instead, the White House blog now issues regular denunciations of the Administration's critics, including a recent post that announced "Fox lies" and suggested that the cable network was unpatriotic for criticizing Obama's 2016 Olympics effort.

White House officials offer no apologies. "The best analogy is probably baseball," says Gibbs. "The only way to get somebody to stop crowding the plate is to throw a fastball at them. They move."

The general in this war is Dunn, 51, a veteran campaign strategist who arrived at the White House in May. She has been a force in Democratic campaigns since the late 1980s and helmed Obama's rapid-response operation during his run. At the White House, she has become a devoted consumer of conservative-media reports and a fierce critic of Fox News, leading the Administration's effort to block officials, including Obama, from appearing on the network. "It's opinion journalism masquerading as news," Dunn says. "They are boosting their audience. But that doesn't mean we are going to sit back." Fox News's head of news, Michael Clemente, counters that the White House criticism unfairly conflates the network's reporters and its pundits, like Glenn Beck, whom he likens to "the op-ed page of a newspaper."

As a mother—who plans to transition to a new job later this year in order to spend more time with her 13-year-old son—Dunn is a rarity in the almost all-boys club that is Obama's inner circle. But her impact on the White House has been unmistakable. Since her arrival, the communications operation has been tightly refocused, with greater emphasis on planning ahead to shape the news cycle and controlling staff contacts with the press. In daily internal meetings, she points out where to strike back or admit error.

It is not hard to awaken her fiercer instincts. "Here in the White House, you are reluctant to feel like you have to go to that place," she says. "But we have to be more aggressive rather than just sit back and defend ourselves, because they will say anything. They will take any small thing and distort it." In other words, after eight months at the White House, the days of nonpartisan harmony are long gone—it's Us against Them. And the Obama Administration is playing to win.

AN NBC NEWS SPECIAL SERIES WITH **MARIA SHRIVER**

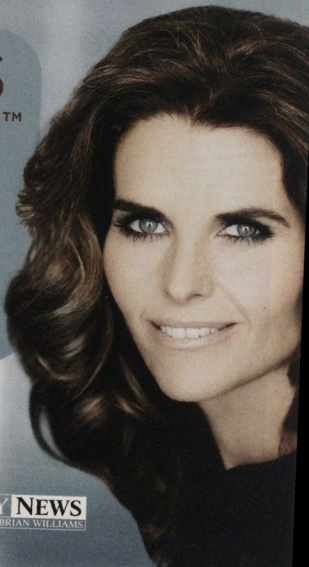
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How to Rig an Election

A former top U.N. official recounts the fraud he witnessed during Afghanistan's presidential vote—and why he lost his job for speaking up

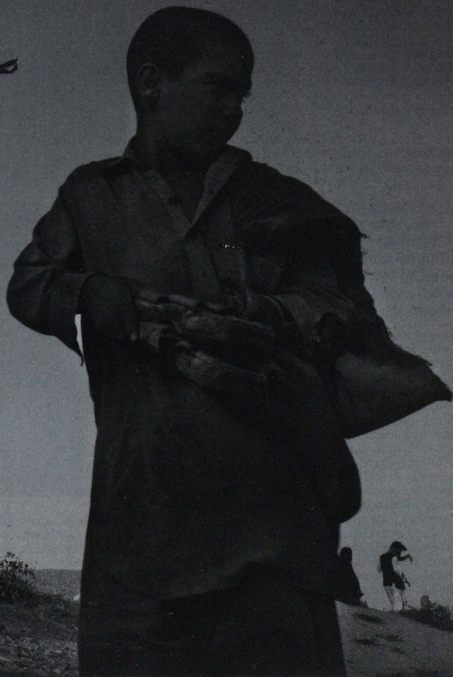
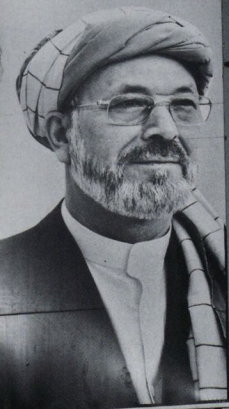
BY PETER W. GALBRAITH

NO ONE WILL EVER know how Afghans voted in their country's presidential elections on Aug. 20, 2009. Seven weeks after the polling, the U.N.-backed Electoral Complaints Commission (ECC) is still trying to separate fraudulent tallies from ballots. In some provinces, many more votes were counted than were cast. E.U. election monitors characterize 1.5 million votes as suspect, which would include up to one-third of the votes cast for incumbent President Hamid Karzai. Once fraud occurs on the scale of what took place in Afghanistan, it is impossible to untangle.

Afghanistan's fraudulent elections complicate President Obama's job as he weighs a recommendation from General Stanley McChrystal, his top commander there, to send as many as 40,000 additional troops to support a beefed-up counterinsurgency strategy. But for that strategy to work, the U.S. needs a credible Afghan partner, which Afghanistan's elections now seem unlikely to produce.



با سیاست



Flawed victory
Karzai, center, shown in a campaign poster, claims to have won more than 50% of the vote, but as many as one-third of the ballots cast are suspect

A war undertaken to defeat al-Qaeda is increasingly seen through the lens of these elections. In my home state of Vermont—where the National Guard is about to deploy to Afghanistan—people seek me out to ask why our soldiers should be fighting for a corrupt Afghan government clinging to power by fraud. I am quite sure the same question is being asked of political leaders in both the U.S. and Europe.

Unfortunately, I am unable to provide reassur-

By failing to address the fraud in Afghanistan's elections, the U.N. has lost credibility that is needed for it to act as a peacemaker

ing answers. Over the past four months, I served as the deputy head of the U.N. mission in Kabul and had a firsthand view of the fraud that plagued Afghanistan's presidential vote. Each time I proposed actions to deal with it, Kai Eide, the head of the U.N. mission in Afghanistan, overruled me. Like any good subordinate, I respected my boss's decision, but in private, I told him I thought he was making a mistake in downplaying the fraud. When the press learned of our disagreement (through no fault of ours), U.N. Secretary-General Ban Ki-moon removed me from my post. This is an account of what went wrong—and why success in Afghanistan will remain beyond our grasp until the problems I witnessed are fixed.

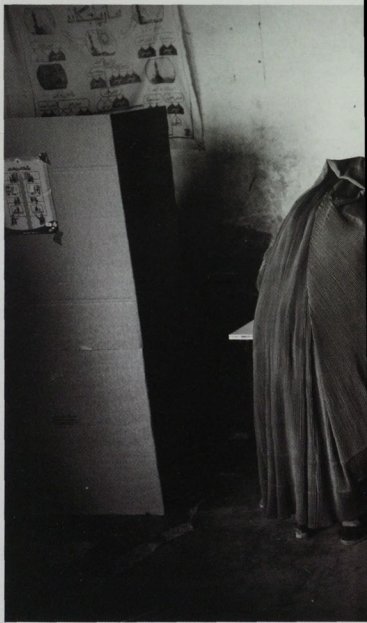
The Ghost Vote

AFGHANS PERPETRATED THE fraud, and they are, of course, ultimately responsible for the consequences. They in-

clude the local election staff, government officials and local warlords and power brokers. Afghanistan's Independent Elections Commission (IEC), a seven-member board appointed by Karzai to supervise the elections, was anything but independent. Its head met weekly with Karzai (but not with the other candidates), and the commission consistently made decisions that benefited the Karzai campaign.

Because the elections were so critical to political stability in Afghanistan—and, therefore, prospects for the U.S.-led military mission—the U.S. and its allies needed them to go smoothly. The U.N. Security Council tasked the U.N. mission in Afghanistan to support the IEC and other Afghan institutions in the conduct of “free, fair and transparent” elections. On two occasions, I started to take action that could have reduced the risk of fraud. In July, I learned that there were 1,500 polling centers (out of a total of 7,000) sited in places either controlled by the Taliban or so insecure that no one from the IEC, the Afghan army or the Afghan police had ever visited. It was obvious that these polling centers would never open on election day. They were also perfect vehicles for fraud. Since no observer, campaign representative or voter could go to the locations, it would be easy for the election staff—on its own or in collaboration with local officials—to say voting had taken place and then report a tally.

Along with ambassadors from the U.S., NATO, the E.U. and the U.K., I urged the election commissioners and the Afghan Ministers of Defense and Interior to close down these ghost polling centers. Serving a President who was to benefit from the fraud, the Afghan ministers complained about my approach to my boss, Eide, and he ordered me to stop. On election day, these ghost polling centers



produced hundreds of thousands of fraudulent votes for Karzai. (After controversy erupted over my dismissal, the U.N. told some reporters that I wanted to disenfranchise voters by closing polling centers; this was absurd. The only ones I wanted taken off the books were ones that had never opened.)

With support from U.N. election experts working within the commission, the IEC published safeguards to exclude obviously fraudulent ballots from the preliminary tally of election results. These guidelines were a matter of common sense. For example,

they excluded results from polling centers that had never opened or that reported more votes than they had ballot papers. A week before the IEC was to announce the results, I learned that it was considering abandoning these safeguards. I called the chief electoral officer to express my concern. Within two hours, I found myself summoned to meet the Foreign Minister, who, on direct instructions from Karzai, protested my interference in the Afghan election process. At that time, however, my intervention was successful, and the IEC voted to keep the safeguards.



Vox pop Afghan women braved Taliban threats to vote, but thousands of polling centers were unable to open and thus susceptible to fraud

Days later, the IEC discovered that sticking to its published safeguards would exclude enough fraudulent Karzai ballots to keep his total below 50%. This would lead to a second-round runoff, which Karzai desperately hoped to avoid. The IEC reconvened and voted 6 to 1 to drop safeguards, explaining that the commissioners had just read the Afghan election law and discovered that they had no authority to throw out fraudulent votes. This novel and inventive reading of the law did not convince many Afghans. My boss, however, sided with Karzai, and I was

ordered to drop the matter. Four days later, I left Afghanistan and was subsequently relieved of my position by the Secretary-General.

So what should be done now? The U.N. raised \$300 million from the U.S. and other Western countries to pay for the Afghan elections. The taxpayers from these countries surely expected the U.N. to spend their money on honest elections, not fraudulent ones. And countries sending troops to Afghanistan surely expected the U.N. to support elections that would put Afghanistan on a path to democracy and

stability, not ones making the military mission incomparably more difficult. It is ridiculous to argue, as senior U.N. officials do now, that the U.N. had no authority to insist that the Afghan authorities conduct honest elections.

There is no easy solution to Afghanistan's election mess. If the ECC removes enough fraudulent votes, Karzai will fall below 50%, and there will be a second round of voting. However, the factors that caused problems on Aug. 20—ghost polling stations, corrupt election staff and a partisan commission—are still present. Dealing with those factors will require leadership that the head of the U.N. mission has yet to demonstrate. If Karzai emerges the winner of the rushed and incomplete audit process now under way, Afghanistan's internal peace will depend on Karzai's opponents accepting—or at least tolerating—the outcome. Karzai's main opponent, Abdullah Abdullah, has said publicly that he does not believe the U.N.'s envoy is neutral. By failing to address the obvious fraud in Afghanistan's elections, the U.N. has lost credibility that is desperately needed for it to act as a postelection peacemaker.

Karzai's opponents are likely to be skeptical that the complaints process can change a fraudulent election into a good one. The Obama Administration should focus on persuading Karzai to adopt some of the opposition's program, including arrangements for genuine power-sharing by Afghanistan's diverse ethnic groups. Even so, Afghanistan's flawed elections have now become a major drag on Obama's new strategy, which just six months ago seemed to offer real hope for that war-torn land. It need not have turned out this way. ■

Galbraith served as deputy special representative of the Secretary-General of the U.N. in Afghanistan from June 1 to Oct. 1, 2009



Saudi's Small Steps

Women are steadily winning rights and greater freedom. A look behind the veil of a society

BY ANDREW LEE BUTTERS/RIYADH



Work and faith At media company Rotana, female employees like Reem Abdul Aziz Abunaja, praying by her desk, work alongside male colleagues



Saudi in Focus

To see more images of the changing role of women in Saudi Arabia, go to time.com/saudiwomen

LIKE THOSE OF ITS COMPETITORS in New York City and London, the sleek glass-and-steel offices of media company Rotana are filled with preening attitude and fashion-conscious staffers. Assistants teeter in shoes that might have absorbed much of their monthly paycheck; executives parade the halls in power suits and pencil skirts. But Rotana isn't in New York or London; it's in Riyadh, capital of Saudi Arabia, a country in which women normally adhere to a strict dress code in public—a black cloak called an *abaya*, a headscarf and a veil, the *niqab*, which covers everything but their eyes.

There's another reason many Saudis would find Rotana shocking: men and women working side by side. The sight unnerves enough men who come looking for a job that human-resources manager Sultana al-Rowaili has developed a trick to determine whether a male applicant can handle working in a mixed-gender office. She arranges for a female colleague to interrupt the initial interview and watches to see if the man loses concentration or stares too much. Many men are undone by the very idea of being interviewed by a woman. "They are in a state of shock to see a woman in a position of authority and to have to ask her for a job," al-Rowaili says.

Saudi men may have to start getting used to such situations. True, Rotana remains an anomaly protected by the position and progressive ideals of its owner—global investor Prince Alwaleed bin Talal bin Abdulaziz al-Saud. And Saudi women still can't drive and legally can't even leave their house to shop, let alone get a job, without a male family member's permission. Yet under the guidance of a few members of the Saudi royal family—in particular the current King, Abdullah—the kingdom is slowly changing. Mixed-gender workplaces are becoming more common, especially in banks and good hospitals, where female doctors are not unusual.

The government is also expanding educational opportunities for women by building women's universities (as opposed to segregated campuses at male-dominated universities); last month it even launched the first coeducational university. The state is trying to encourage women's entry into the workforce and is sponsoring initiatives to protect women and children from domestic abuse. "The message is that women are coming," says Dr. Maha Almu-neef, one of six women named earlier this year to the Shura Council, a 156-person advisory body appointed by the King. "The King and the political system are saying that the time has come. There are small

steps now. There are giant steps coming. But most Saudis have been taught the traditional ways. You can't just change the social order all at once."

For the country's feminist and human-rights activists, the pace of change remains painfully slow. The new female members of the Shura Council, for instance, still don't have the voting rights of their male colleagues. "This is tokenism. It's insulting," says Hatoun Ajwad al-Fassi, a columnist and assistant professor of women's history at King Saud University. Given government restrictions on the right to assemble and discuss political issues even in private homes, al-Fassi says, it's impossible to know just how many Saudi women want change: "It's an exaggeration to call it a women's movement. But we are proud to say that something is going on in Saudi Arabia. We are not really free, but it is possible for women to express themselves as never before."

Change—and Its Limits

SAUDI ARABIA'S WESTERN ALLIES HAVE been pushing it to reform its social and political arrangements since the attacks of Sept. 11, 2001. Fifteen of the 19 hijackers on 9/11 were from Saudi Arabia, where a conservative version of Islam, high unemployment, limited democratic rights and archaic attitudes toward women fed a mood of radicalism among some young men. Last February, King Abdullah announced a shuffling of posts in government to remove some of the more old-style figures. He installed an Education Minister charged with ensuring that schools emphasize Islam's tradition of tolerance and chose Norah al-Faiz to be Deputy Minister in charge of girls' education, the first woman to hold a Cabinet-level post.

Though al-Faiz is well known and admired, her appointment reveals the limits to the changes under way. Al-Faiz meets with her male colleagues only by video-phone, asks her minister for permission to appear on television and declined to be photographed for this story. She tells TIME that she brings no special mandate beyond improving education for girls. "I don't like quick action," she says. "I'll have to decide where the needs are and to rank them." Her caution is understandable. She's being watched by the whole country. "The pressure is huge not to make a mistake," says Dr. Hanan al-Ahmad, a friend of al-Faiz's and her successor as head of the women's department at the Institute of Public Administration. "You have to prove that participating in public affairs and taking leadership positions doesn't jeopardize Islamic values and Saudi identity."

In some ways, the official push for women's rights seems like a training exer-

cise, a kind of campaign to prepare Saudis for something new. "If we want to implement a new idea, first we have to discuss it," says al-Faiz. "It's not right to just make the decision." Discussion as a way of making policy can be seen in the development of the National Family Safety Program, started in 1999 by a small group of professional women concerned about domestic abuse. King Abdullah assigned his daughter Princess Adelah to spearhead the initiative, and in 2006 the group helped write the first laws making it illegal for husbands to abuse their wives and children. Much of the program's energy is devoted to educating Saudi men that they no longer have the right to beat their families. This spring, the program organized a series of town-hall-style meetings around the

country. At the one in Abha, a city on the Red Sea, a senior judge argued that a husband sometimes needs to beat his wife—if she spends too much money shopping, for instance. The uproar from the women in the audience and critical coverage by the local press were signs that such attitudes are no longer acceptable. "One of the most important things my father did was initiate dialogue," says Princess Adelah. "Women need to be heard, and no one can speak for women but women."

But taking on domestic violence is hardly controversial. Critics outside the government say the state is still failing to take a systematic approach to dismantling gender barriers. There are still no clear guidelines, for example, as to what is and isn't legal in an office setting, according to



Dress code In Riyadh, Rotana's female workers can choose whether to cover up. But when they



leave the mixed-gender office, they must follow Saudi Arabia's strict laws

Abdulaziz al-Gasim, a former judge who now runs his own law firm in Riyadh. "We would like to hire women," he says. "But where would we put them?" Without a separate entrance for women or gender-specific meeting rooms, firms fear they could be prosecuted. There are also still no laws to protect women from harassment at work. "There is no meaning behind female education if they can't enter the workforce," says al-Gasim.

Government reformers defend the pace of change, arguing that it is actually quite rapid given the transformation Saudi society has undergone since oil riches started to transform its nomadic culture. "Fifty-five years ago there was no education for girls," says al-Faiz. "Fifty years ago people didn't accept the idea of women working. Now ev-

eryone wants their girls or wives to work or go through higher education. I don't think those kinds of changes have happened in any country as quickly as here."

Millions of Saudis, of course, still adhere to the strict religious and social conservatism that dates to the 18th century pact made between Muhammad ibn 'Abd al-Wahhab, a puritanical preacher, and Mohammad ibn Saud, the founder of the Saud dynasty. And many conservatives resent the social changes the King is pushing. "Those around King Abdullah use his peaceful positions to impose secular values," says conservative cleric Mohsen al-Awajy. "But neither King Abdullah nor anyone else can impose his own interpretation of Islam. They can do nothing without Islam. There is no Saudi

Arabia without Islam. There is no royal family without Islam." There's evidence, too, that many women don't want radical change: a government poll in 2006 found that 86% thought women shouldn't work in a mixed-gender environment, and 89% agreed women shouldn't drive.

Yet even Saudis' brand of religious conservatism may slowly be changing. After a series of terrorist attacks in 2003, the government shut down extremist websites and arrested or muzzled those calling for jihad. The authorities have also ordered reforms of the religious police, the General Presidency for the Promotion of Virtue and the Prevention of Vice, which enforces conservative dress codes. The unit, which is widely feared, has gone so far as to hire outside media consultants to make itself more public-friendly. Officers at the General Presidency stress that the religious police should help protect women from abuse and violence and insist they no longer demand that women cover themselves. "Now we just tell people that covering up is the right thing to do," says Bandar al-Mutairi, an officer in Riyadh. "Just like when you see someone smoking. You can't take away their cigarette. You just tell them smoking is bad for you."

Some democracy activists argue that Saudi rulers could do more but use religion as an excuse for the slow pace of reform. Awadh al-Badi, a political scientist at the King Faisal Center for Research and Islamic Studies, says the reason King Abdullah and the royal family are still cautious on women's rights is that they are products of Saudi culture. "It's a generational thing," al-Badi says. "The King is an 85-year-old Arab man, and he himself sees women in a certain way." Abdullah, he thinks, struggles with the special burden of modernizing the home of Islam's most revered sites. "But eventually, whatever the King decides, the people will follow," says al-Badi.

For that reason, progress on women's rights may depend on who succeeds Abdullah. Several princes are in line for the throne, and some of them, like the King's powerful half brother Prince Nayef, are known for conservative views. But as Saudi leaders try to wean the country's economy off its almost total dependence on oil, they are bound to find that it makes little sense to keep half the country's human capital cooped up at home. Nor will the newly emerging class of Saudi professional women willingly go back to the way things once were. "We are not a bunch of Barbie dolls," says al-Rowaili, the Rotana manager. "All of us have faced so many challenges to get here. We are pioneers. And we are going to win." ■

Wave New World

Google's latest product combines communication, collaboration and media-sharing into one insanely useful app. Is this the new e-mail?

BY LEV GROSSMAN

FOR A COMPANY FOUNDED AND STILL largely run by a bunch of engineers, Google apparently knows a lot about human nature. Just as they did with Gmail, the Googlers have made their newest product invitation-only. You can't just use Google Wave; you have to be chosen. It's like Willy Wonka and the golden ticket. By the time I finally got my Wave invitation, I actually felt grateful. In some part of my brain, I really believed that instead of using a browser-based communications app, I was attending a totally excellent party.

I guess I should be grateful, since Google Wave is both free and pretty cool. Its main defect is that it's almost impossible to explain. Google spokespeople have described Wave as what e-mail would look like if it had been invented now instead of 40 years ago. (Fun fact: the first e-mail was sent in 1971 between two Digital PDP-10 computers.) Keep in mind that until the mid-1990s, when e-mail went mainstream, the network environment was very different. Bandwidth was a scarce resource. You had your poky modem and liked it. Which is why e-mail



Surf's up Wave was invented by twins Lars and Jens Rasmussen

was created in the image of the paper-postal system: tiny squirts of electronic text.

But now we're rolling in bandwidth, and power-wise, my phone could make a PDP-10 cry. Google has server farms the size of actual farms. And yet we're still passing one another little electronic notes.

Google Wave rips up that paradigm and embraces the power of the networked, collaborative, postpaper world. Waves aren't static; they're active and malleable. When you send out a wave, you create a virtual

object shared by you and the person or people you send it to. You can type in it, and so can everybody else who's on the wave—it's stored on a central server instead of passed from PC to PC like e-mail. Everybody sees what everybody else is typing as they type it. Everybody can edit what everybody else writes. With regular e-mail, the simple act of collaborating on a list can turn into a nightmare chain, crawling with indents and chevrons and worse. Wave keeps everything tidy.

And it's not about just text. You can put pictures in a wave, plus richer, more dynamic stuff: movies, games, polls, maps. You can publish your wave to a blog. You can embed it in a website, where it retains its editable, collaborative waviness. And this is just beta stuff. Like everything else these days, Wave is a platform. Google is encouraging developers to write apps that will make waves do even more. (The full launch is expected in the first half of 2010—though don't forget that Gmail spent five years in beta.)

Google Wave is, in short, a remarkably full-featured collaboration and communication tool, powerful enough for enterprise customers and easy enough for civilians. It's also a warning shot across the bow of pretty much every software company anywhere. It's amazing how many people's grills Google is getting up into with this single product. It's real time like AIM and Twitter (and it can talk to Twitter by importing and exporting tweets). It's social and shares media, like Facebook. Anybody who makes an e-mail client or collaboration software should be paying attention to Wave. This is vintage Google: give away a product that does stuff your competitors charge money for, thereby burnishing your public image and, at the same time, sapping your competitors' will to live.

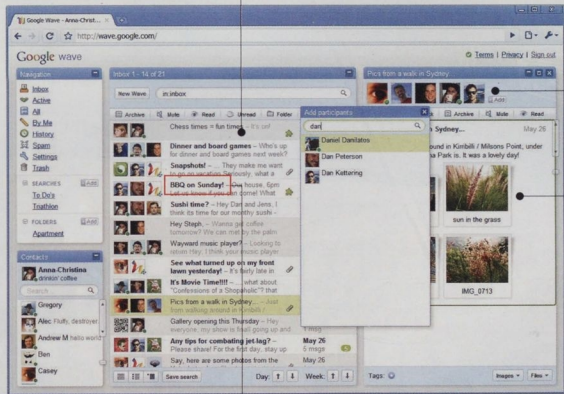
But Wave isn't actually an e-mail killer. In practice, it's more like an insanely

Waving Lessons.

Wondering what all the fuss is about? Here's what Wave does

YOUR NEW INBOX
Waves mount up in your inbox just like regular old e-mails. You can search them, trash them and sort them into folders. After somebody modifies a wave, it pops to the top

ADDING PEOPLE
You can send a wave to one person or lots of people—just add them to a bar at the top of the wave. Anybody who receives the wave will be able to read it, add to it or edit it at will



SHARING THINGS
Everybody on a wave can add photos to it to make a shared gallery. But that's not all: you can also share videos, Google Maps and even games and other mini-apps

rich IM client. E-mail is asynchronous; you can wait an hour or (if you are, like me, a bad person) a week to answer it. But because Wave operates in real time, it demands immediate attention like an IM or a phone call or, for that matter, a crying baby. When Wave is up, it's hard to focus on anything else. That isn't a defect, but it does narrow the scope of its usefulness. Getting more information right away isn't always the most efficient way to work.

Nevertheless, this is Google's best shot at a ubiquitous mainstream product since Google Maps in 2005. Google is in an interesting phase. Basically it has all the money in the world, which it has used to hire the smartest people in the world, whom it has unleashed in an apparently only minimally managed orgy of R&D. As a result, it's been spinning out cult hits and noble failures at a furious rate: Orkut (big in Brazil), Picasa, Knol, Docs, SketchUp, OpenSocial, Chrome and Android. But it hasn't produced a lot of homegrown category killers. It's not that Google's products aren't innovative. They're just not friendly



POLLS AND BEYOND
You can stick virtual gadgets called extensions into a wave that perform more exotic functions. This one's an invitation: friends can respond yes, no or maybe

enough or sexy enough, or they're replacements for something that wasn't particularly broken in the first place.

This can't go on forever. We're so used to Google's throwing things at us for free, we forget that it's a public company that's supposed to be making money for its shareholders. Google has two basic ways of monetizing a product: serving ads on it—as with YouTube and Gmail—or using it to bring people into the Google ecosystem, where they can eventually become users of Google products that Google does serve ads on. Like YouTube or Gmail.

It's not clear yet which way Wave is going to go. But it's definitely going places—and not just to Brazil. It won't replace e-mail, but it deserves a spot in any office warrior's arsenal, especially warriors who work in recession-starved offices that can't shell out for pricey software packages (cough, Lotus, cough).

And it comes with eight free Google Wave invitations. Even if Wave hasn't made me more productive, it's definitely made me more popular.

Old Lunch Plan:



New Lunch Plan:



©2009 Kraft Foods

New DiGiorno Flatbread Melts.

Warm toasty flatbread folded over deliciously Italian-inspired ingredients.
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Life

FOOD HEALTH



FOOD

Cooking by Committee. New sites try to do to recipes what Wikipedia did to encyclopedia entries. Will it fly with food?

BY JOEL STEIN

WE SHOCKED THE ACADEMIC experts by writing excellent encyclopedia entries on Wikipedia, so why can't amateurs, if we all work together, create perfect recipes? If enough of us discuss and debate our

hamburger knowledge—our meat choices, cooking methods, spices, condiments, bread—then won't our collective experience create the Platonic burger? That's one of the goals of two websites—Foodista.com and the recipe section of Wikia.com—that

allow users to post new recipes and revise existing ones any way they want, forming a great burger consensus.

But as is not the case with an encyclopedia entry, which is made up of facts, there's a lot of opinion in a recipe. The history of wikied novels isn't

pretty (Penguin Books never published the gobbledygook that was "A Million Penguins"), and no one has dared wiki a jazz song. So will wiki work in the kitchen?

"A lot of people say Wikipedia is facts, but a lot of it is analysis and interpretation.

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If you're talking about why the U.S. got into World War II, that's all analysis and opinion," says Foodista CEO Barnaby Dorfman, who launched the site nine months ago. Likewise, he says, "if you asked 100 people what's in apple pie, you're going to get tight agreement about the fact that it has apples, cinnamon, sugar, a crust and probably some lemon. I really feel like we're on the path to focusing the agreement and highlighting the disagreement and the creativity."

But Christopher Kimball, who searches for perfect recipes for a living as the editor of *Cook's Illustrated* and host of PBS's *America's Test Kitchen*, says letting random people tweak recipes will lead to tears on the stove top. "Variables affect other variables," he says, and without one person testing each and every change, "there's no continuity of experience. So how do you get the answer?"

So far, as with the beginning of Wikipedia, there's very little rewriting going on, as people are just land-grabbing, throwing up a ton of recipes and nitpicking very few. So we really can't tell yet if this idea works.

But in a blunt mathematical approximation of crowdsourcing, Meg Hourihan, a cookie enthusiast and co-

founder of Blogger.com, put a dozen chocolate-chip-cookie recipes into a spreadsheet and averaged out each ingredient and instruction. On her blog Megnut.com, she posted the result: "A Mean Chocolate Chip Cookie." I decided to make it and compare it to one of the best chocolate-chip cookies I've ever had: the ones that chef Kerry Simon, of the restaurants Simon in Las Vegas and Los Angeles, includes with a glass of milk on his platter of Rice Krispies treats, cotton candy, sno balls and other childhood favorites.

Making the Mean Cookie was a pain in the ass. Some of the butter was cold, some room temperature, some melted. You try to measure out 0.17 tsp. of water or bake at 354.17°F for 13.04 min. Simon thought the idea was so hilarious that his Las Vegas kitchen basically stopped when I told him about it and immediately made them too.

But to both of our amazement, the cookies were pretty good. Hourihan had also assumed they would come out an inedible mess. "Everybody who bakes tells you it's about exact measurements. But there's still room for play," she says. "It was better than a lot of the chocolate-chip recipes I've tried."

I turned to Simon's recipe



Cookies by Consensus

Will 12 recipes averaged together beat one chef's creation? To find out, go to time.com/cookies

next. It was even more unorthodox. It called for baking the cookies at a pretty low temperature for a pretty short time. While the cookies weren't as good as the ones at his restaurants, they were a lot more compelling than the Mean Cookie. Better, but a bit less classic.

So perhaps this wiki thing could work. Maybe, as Michael Ruhlman argued this year in his new cookbook, *Ratio*, every recipe has a basic structure (cookie dough is 1 part sugar, 2 parts butter, 3 parts flour), and a wikied recipe can't stray far from it.

But, as Hourihan asks, "would all the people on the site have the same goal? The same standards? If my mother, my grandmother and I collaborated on a broccoli recipe, my mom would say cook it for 2 min., I'd say cook it for 6 min., and my grandmother would say cook it all night. There's a potential for some really bad recipes."

Simon has the same concerns. If someone tweaked the amount of baking powder or temperature in his recipe, the amount of butter would have to be changed too. Which would take a lot of testing for someone not running a professional kitchen. "Some people," he says, "must have a lot of free time, huh?" Simon must not look at YouTube much. ■

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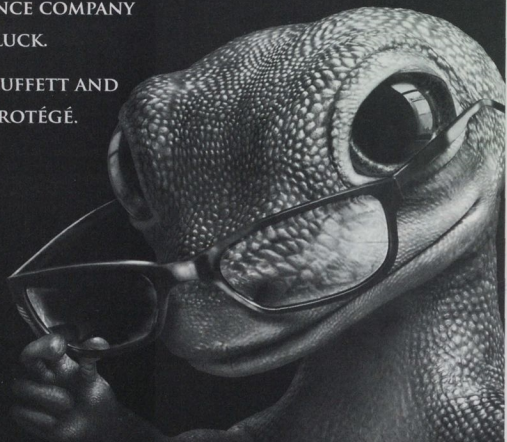
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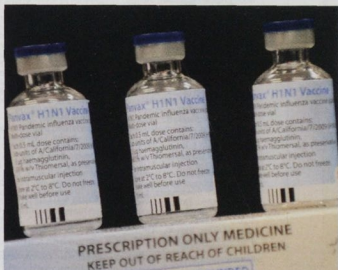
HEALTH

It's a Jab or Your Job. Mandatory flu-vaccination policies are forcing health-care workers to get the shot—or get axed

BY ALICE PARK

AT WINTHROP HOSPITAL ON New York's Long Island, the signs are everywhere. They're posted at every nurses' station, taped above the security panels against which employees swipe their ID cards and even attached to paychecks. The notices are there to remind the hospital's staff—which includes everyone from the doctors and nurses who care for patients to the administrative, housekeeping and food-service personnel—that every employee must be vaccinated against both seasonal and H1N1 flu or face possible termination.

The mandate comes from the health department of New York, which over the summer became the first state to require that all health-care workers be vaccinated against influenza. In other states, in-



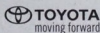
New rule Workers in many hospitals have to get the 2009 H1N1 vaccine

dividual hospitals have taken the same aggressive position. Given that the pandemic H1N1 strain is circulating the globe—and that one of the seasonal-flu strains is resistant to Tamiflu, a commonly used antiviral treatment—such a policy seems logical. But is it legal? Flu-vaccine

requirements are being challenged by health-care workers who maintain that decisions about vaccination should be theirs and theirs alone. In the state of Washington, the State Nurses Association, which in general supports vaccinations, is suing a local health system over its decision to

make the flu shot a condition of employment, while dozens of New Yorkers went to the state capital in September to protest the new immunization ultimatum.

Health-care workers are especially vulnerable to both getting sick with influenza and spreading it to patients. That's why the U.S. government has singled out these workers, along with other high-risk groups, to receive the first batches of 2009 H1N1 vaccine, which are just starting to arrive in some states. Vaccination can reduce the risk of getting influenza 70% to 80% and is the most effective way to curb the pandemic. "It is within the purview of health authorities that we engage in certain infection-control activities," says Susan Waltman, general counsel of the Greater New York



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Hospital Association, "and immunization of health-care workers is certainly among those activities."

Employers, notes Alabama labor and employment attorney Jennifer Swain of the firm Baker Donelson, can set conditions of employment. So does that mean any company could impose an H1N1 vaccine requirement as part of its business-continuity plan? Most likely yes, but Swain is betting that few non-health-care companies would be willing to endure the inevitable protests against such a policy. "In health care, it strengthens an employer's argument that an employee might cause a direct threat by not being vaccinated," she says.

Many states already require that people working in hospitals be immunized against measles, mumps and rubella, for example, and an influenza-vaccine mandate shouldn't be seen as any different from these standards. Yet when it comes to the flu shot, those in the medical field are notoriously incontinent: nationwide, only half of them voluntarily roll up their sleeves each year. "That just doesn't deliver the safe immunity level we need in a hospital," says Dr. Richard Daines, commissioner of health for New York State. It

doesn't make sense, he says, for health-care workers not to be immunized against influenza. "That's just not tolerable in health-care institutions, where patients come to be safe."

But rigorous vaccination efforts, even voluntary ones, can brush up against thorny privacy issues. At Maryland's Johns Hopkins Hospital, personnel who choose to get a flu shot are provided with a colored clip to attach to their hospital ID. The idea is to make easily identifiable those who are unvaccinated and therefore need to wear masks when caring for patients with respiratory illnesses. The hospital intended to have two colored clips this year: one for seasonal flu and one for H1N1. But administrators realized that since the H1N1 vaccine is prioritized for specific groups, such as pregnant women and people with a weakened immune system, the clips would—at least initially—single out people with those conditions.

So for now, only those receiving the seasonal-flu vaccine will get a colored clip—this year it's yellow—and the system seems to be motivating employees to get their shots. "It introduces a bit of peer-pressure incentive to get vaccinated," says Dr. Aaron Milstone, a member of the

SHOT STATS

49%

Proportion of U.S. health workers who get flu shots each year

87%

Proportion of U.S. adults surveyed who support mandatory H1N1 vaccination for health workers in the event of a surge of cases in their community

1

Number of states that require health workers to get flu vaccines

hospital's infection-control committee. Still, in case the H1N1 situation worsens and not every health-care worker chooses to get immunized, Hopkins officials are considering additional measures, like making all those directly caring for patients wear a mask.

That is the type of alternative to mandatory vaccination that Angela, a nurse at Winthrop who prefers that her last name not be published, wants her hospital to offer. She has concerns about the mercury used in some flu shots and also feels that the New York State requirement is an infringement on her right to decide what treatments she receives. But neither of these reasons is sufficient to exempt her; only a medically documented condition like an egg allergy (flu vaccine is grown in chicken eggs) is an acceptable reason for not getting immunized.

If Angela does not get vaccinated by Nov. 30, she will be suspended. If she doesn't comply within 15 days after that, she could be fired. "We are still in open negotiations with the [hospital] administration," she says, hopeful that her employer can find some way to accommodate the objections she and others have to getting the shot. "I am not willing to be terminated, but I am willing to take it that far."

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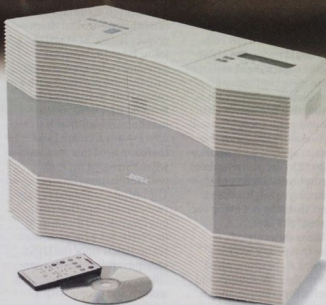
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PERU

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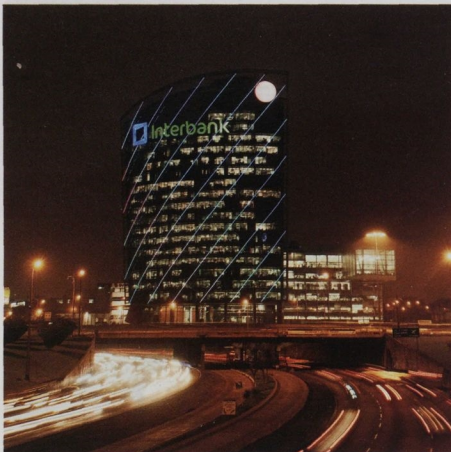
BY LUCIEN CHAUVIN/LIMA

THE HEADQUARTERS OF PERU'S INTERBANK are hard to miss. While the building is not the tallest in the capital, Lima, it is the most entertaining on the city's otherwise drab main drag. A slight tilt has earned it the nickname the "Leaning Power of Lima," and multicolored lights ripple along the façade as night falls, providing eye candy for commuters stuck in rush-hour traffic.

What's going on inside the building is also attracting attention, but much further afield. Interbank, like other local companies, is being pursued by Peruvian professionals working abroad who are looking for a way to come home. And their timing is good. Except during a few months this year, Peru's economy has expanded throughout the decade. The economy grew 10% last year, and Peru is one of the few countries in the region forecast to expand

Centered on repatriation Interbank's Carlos Rodriguez-Pastor returned from Wall Street

this year. Its banks are sound because of strong regulations and a rainy-day fund the government collected in the boom years. "There are Peruvians abroad who never thought about returning but who are now interested. There is certainly a trend that is growing more noticeable," says Diana Rake, herself a returnee, who is manager



of the Peruvian branch of Downing Teal, a professional recruiting agency.

Although the country still has a long way to go to defeat poverty, Peru is experiencing the longest period of economic stability in its modern history. In one of many firsts, the country is now exporting more goods (around \$27 billion worth), and it has more in foreign reserves (\$32 billion at the end of July) than it owes in foreign debt.

Miguel Uccelli, head of Interbank's credit-card division, says Peru is not the country he knew when he got his degree in 1990. Inflation was 7,694%. "All businesses could do was survive. This is behind us now, and Peru has so much room to grow that there are opportunities in every sector," says Uccelli, 38, who returned with his wife and three kids mid-decade.

Uccelli's subsector of the financial system shows just how much potential exists. The nation's credit-card portfolio grew more than 30% in 2008 but still is worth only around \$3 billion. In fact, all loans held by Peru's 15 banks—around \$30 billion worth—amount to less than the assets of the largest bank, Santander, in neighboring country and eternal rival Chile.

The same thing is seen across the economic board, which explains in part the rapid expansion of the other components

of Interbank's parent company, IFH Peru. It owns a supermarket chain, a department store and movie theaters, which anchor its shopping-mall projects. IFH operates five malls and will double that number in the coming year. It continues to build in Lima, but the real growth has come from stores built in provincial capitals. Last year the group's sales totaled \$1.5 billion. Its profit this year could hit \$175 million.

Interbank chairman Carlos Rodriguez-Pastor, one of the drivers of the repatriation strategy, has had two homecomings of his own. His father, also named Carlos, was once Peru's central banker but was forced to leave the country following a military coup in October 1968. "He went from being Peru's central banker to an assistant branch manager at an office in San Francisco," says Rodriguez-Pastor, who was educated at the

'There are Peruvians abroad who never thought about returning but who are now interested. The trend is growing more noticeable.'

—DIANA RAKE, A RETURNEE

Leaning power Interbank's affiliate holdings include retail, hospitality and manufacturing

University of California, Berkeley, and at Dartmouth. His father rose through the ranks of Wells Fargo and returned to Peru as Finance Minister in 1983. In 1990, he started what became Interbank.

Rodriguez-Pastor initially followed the path of South America's educated elite and worked in New York City, at Citibank and on Wall Street. After his father died in 1995, he went home to Interbank.

He brought with him some new ideas. For Interbank to thrive, he reasoned, it had to be globally competitive. So the company set about benchmarking top performers—Southwest Airlines, Ritz-Carlton and, of course, a few banks—to understand what it would take. "We started learning, and little by little we started recruiting," he says. Now there are some 50 U.S.-trained Peruvian M.B.A.s on staff.

Although the Rodriguez-Pastor family controls 70% of the shares—the rest are publicly traded—it differs from many family-controlled firms in South America in one way: "You don't have to be a family member to make it," he says. The family name isn't part of the company name for that reason.

Carlos Tory, a 33-year-old U.S.-educated banker, is one of the freshest faces in Lima. He worked as an investment banker in New York City until early June but jumped at the chance to live in Lima with his wife and newborn daughter. He got off the plane and went to work for Interbank.

Tory, like others, was attracted by the financial options Peru could provide for him and his wife, whose visa status did not allow her to work in the U.S. Tory went to work in New York's high-pressure investment-banking world after finishing an M.B.A. at Dartmouth. He thought the action was there and he was safe in his job at Bank of America despite the crisis, but he says he realized recently that the offerings in Lima were even better. "I think that I will have more opportunities professionally and personally in Lima," he says.

His decision to return was not only economic, though. Tossed into the mix are being close to family and the possibilities offered by Lima, especially for the affluent. "This is a very personal decision, but it plays a major role. There is a lifestyle here that is different. If I wanted to go golfing in New York on a Saturday, I could, but it would involve driving a few hours and paying a few hundred dollars. Here, I get in the car, and I am on the course in five minutes," he says.

That could also be true for, say, Dallas. Peru has a long way to go in its development, and its returnees know they still have a chance to do great things. ■



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BUILDING AN IMAGE

In Las Vegas businesspeople network at trade shows and meetings to forge important business connections face-to-face.

Levy Gerzberg, founder and CEO of Zoran Corp., an over \$400 million digital-solutions company, sees Las Vegas as an unbeatable destination for doing business. For more than a decade, his Sunnyvale, Calif., company has sent 50 to 80 of its 1,250 employees to the annual International CES in Las Vegas because, Gerzberg says, there's no other place where his firm—whose clients include firms like Cisco, Fujifilm, Kodak, LG, Nikon, Samsung, Sony and Toshiba—can meet so many current and prospective customers in the space of a few days. "I would rank it as the best show for Zoran," he says.

Each year Zoran hosts a large suite at CES where its team demonstrates products that range from chips for digital televisions to a technology that keeps cell-phone photos from looking blurry. Often, says Gerzberg, engineers from electronics companies who are at the show will visit Zoran's suite, return with their top executives for a second demo and wind up placing an order. "It's happened with camera makers, DVD companies and other manufacturers," he says. In other cases, client conversations have pointed Zoran to new innovations, such as a karaoke-recording device

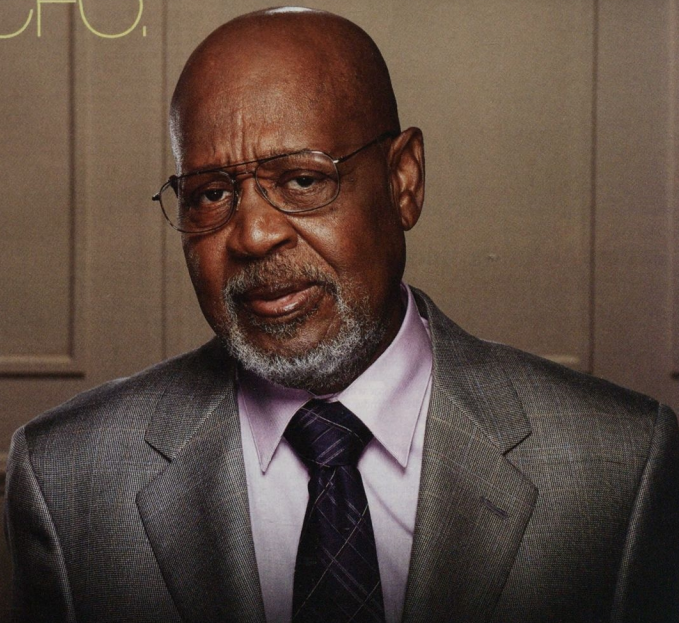
it developed for a DVD player. "Many times, we come up with the requirements for these features at the show," he says.

Zoran is just one of many companies that gets a big business bang for its buck in Las Vegas. The meetings-and-convention industry spends roughly \$8.5 billion annually in the city, thanks in large part to the ease of doing business there. With more than 10 million square feet of meeting space, Las Vegas hosted 22,454 conventions that attracted 6 million businesspeople in 2008. Its 300-plus hotels and motels routinely price their 140,000 rooms at attractive group rates. Airlines offer nonstop service to Las Vegas from 130 cities in the U.S., with more than 900 flights per day to and from the city. "No other destination can match the facilities, amenities and services that we have here," says Rossi Ralenkotter, president/CEO of the Las Vegas Convention and Visitors Authority. "The value proposition in Las Vegas is the best in the country for a destination of its size and scope."

And it's getting better by the day. CityCenter, a new venue for conferences, is scheduled to open this winter. "Las Vegas is known for reinventing itself to make sure that it continues to provide new experiences for our visitors," says Ralenkotter. "CityCenter is a whole new kind of development in Las Vegas with an integrated campus offering retail, fine dining and entertainment, as well as a variety of meeting and convention facilities in four distinct hotels." In addition to its many shows and concerts, a full lineup of new attractions is on the horizon. "We'll be welcoming a variety of activities in the next few months, including the Professional Bull Riders championship, the National Finals Rodeo and the NASCAR awards banquet," Ralenkotter says.

For his part, Gerzberg says the ease of continuing business meetings in Las Vegas after convention hours helps Zoran close deals with clients. "You have the opportunity to spend more time with each other," he says, "and the return on investment is fantastic." In a challenging economy, there's nothing like being in the right place at the right time. ●

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CLIMATE

Getting Air Traffic Under Control.

A new satellite-based system could reduce delays and lower emissions from jets

BY BRYAN WALSH

THE SHORTEST DISTANCE BETWEEN TWO points is a straight line—unless you happen to be traveling in an airplane. Commercial airliners around the world follow circuitous flight paths, waste time in holding patterns before landing and burn precious fuel taxiing. Part of the blame can be placed on crowded airports and congested airspace, especially in heavily trafficked areas like New York City. But delays and inefficiencies in air travel are due in large part to an outdated traffic-control system that still relies on slow, ground-based radar stations and repetitive voice communication. “At this point, we’re still operating with technology that dates back to World War II,” says Marion Blakey, president of the Aerospace Industries Association and a former head of the Federal Aviation Administration (FAA). “We’re sticking with cassette tapes when we should be moving to DVDs.”

It’s bad enough that an archaic air-traffic-control system has led to pitiful performance: nearly 25% of U.S. flights were late

in 2008. But inefficiencies in the air and on the ground caused by the system also mean fuel wasted and carbon dioxide emitted at the very time when the air-travel industry is coming under scrutiny for its role in climate change. Though airlines contribute only about 2% of global carbon emissions, that figure is set to rise as air travel expands, especially in the developing world. And for frequent travelers, flights can enlarge their personal carbon footprint—a round-trip journey between New York City and London emits 1.5 metric tons of CO₂ per passenger. “We’re 2%, but we are a very visible 2%,” says Paul Steele, who directs environmental initiatives for the International Air Transport Association (IATA).

As the world prepares for the next U.N. Climate Change Conference, known as COP15, in Copenhagen in December, the air-travel industry will be under increasing pressure to cut its emissions—or pay a carbon tax. Though next-generation jet bio-fuels made from algae or coconuts tend to get all the green hype, the best immediate opportunity for the industry to control car-

Talking in circles The system is outdated, relying on repetitive voice communication

bon emissions will be through improving fuel efficiency—and the best way to do that is to pull an analog air-traffic-control system into the digital 21st century through what the FAA has dubbed NextGen. “The overall goal of NextGen is to increase capacity to meet demand while at the same time not growing carbon emissions,” says Vicki Cox, the FAA’s senior vice president for NextGen.

NextGen is the FAA’s long-term plan to replace the current radar-based air-traffic-control system with one that operates using satellites and a global positioning system. (Europe is working on a similar upgrade with its Single European Sky initiative.) Instead of a radar system that updates the positions of planes only as often as its dish rotates—every 12 sec. or so—NextGen will use satellite data to locate planes in real time, thanks to the Automatic Dependent Surveillance-Broadcast (ADS-B) system. Instead of relying on time-consuming voice communication with a control tower, pilots will instantly know the location, speed and direction of the planes around them. It’s not unlike the GPS system you might use in your car—if your GPS could tell you what every other vehicle on the road was doing all the time. “The new system gives pilots a heightened awareness of the airspace around them and helps controllers efficiently direct the tens of thousands of flights that crisscross the country daily,” says Steve Loranger, chief executive of ITT Corp., which is developing the ADS-B system for the FAA.

A satellite-based system like NextGen will allow for tighter, more direct flight paths—more A to B instead of A to C to B. Every minute cut from a flight plan means fuel saved and carbon emissions averted. And with jet fuel costing about \$1.75 per gal. (46¢ per L), that could save the airlines millions.

Much of those savings will come during approach and landing. Because the current system is less precise, controllers need to give planes plenty of room as they lock onto the runway, descending in a slow, stepped approach. NextGen will allow planes to make what is called a continuous-descent approach (CDA), essentially letting them turn off their engines, saving tons of fuel and reducing pollutants. At the airport in Louisville, Ky., where UPS has been experimenting with a satellite-based control system, the shipper has been able to use CDA for landings and maximize the number of planes in the air at any given time. UPS estimates that the system has helped save its

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Taking a New Approach. CDA saves time and fuel



1
CURRENT SYSTEM
Aircraft now typically land in a stepped approach, like going down a staircase. The pilot reduces thrust to descend, then increases thrust to level, repeating the cycle every few thousand feet until touchdown

2
NEXTGEN
The FAA's NextGen will enable planes to make a continuous-descent approach (CDA). Pilots will align with the runway from as far away as 40 miles (65 km), then cut thrust once and descend at a continuous rate, as if on a gentle ramp, drastically cutting fuel waste

planes 250 to 465 lb. (110 to 210 kg) of fuel per flight. "Making engines more efficient isn't easy or cheap," says Bob Smith, chief technology officer of Honeywell Aerospace, whose SmartPath precision-landing system will be part of NextGen. "But improving air-traffic management can be done just by optimizing the technology we already have."

The FAA says that by 2018, as NextGen is rolled out around the U.S., the new system will reduce flight delays 35% to 40% and save almost a billion gallons of fuel. There should be safety benefits as well: in an ADS-B trial in Alaska, the accident rate for planes fell 47%. But the shift won't be cheap: the FAA estimates that NextGen will cost from \$15 billion to \$22 billion, with a comparable cost for airlines as they outfit their planes with new equipment.

And not every airline expert is convinced that NextGen will live up to the FAA's promises, especially given the agency's management history. Even with a more efficient control system, the most heavily trafficked corridors may remain congested because of sheer lack of runway space. "The

satellite-based system is great, but it should have been put in place much earlier," says Mike Boyd, an airline-industry consultant based in Colorado. "I guarantee you, NextGen will not fix the delay problem."

Even if NextGen delivers impressive efficiency gains, the airline industry faces a long-term climate challenge. With global airline-passenger numbers expected to rise more than 6% from now to 2013—even with a sharp decline this year because of the recession—efficiency improvements may barely compensate for overall growth. If the airline industry is really going to reduce carbon emissions—in September the

'Making engines more efficient isn't easy. But improving air-traffic management can be done just by optimizing the technology we have.'

—BOB SMITH, CHIEF TECHNOLOGY OFFICER, HONEYWELL AEROSPACE

IATA pledged to cut emissions 50% from 2005 levels by 2050—it will need to scale up low-carbon biofuels. But aviation is well behind the automotive sector when it comes to viable alternative fuels, and some environmentalists argue that the only sustainable solution is simply to fly less. "Efficiency isn't enough," says Richard Dyer, aviation campaigner for Friends of the Earth. "To go on raising emissions isn't acceptable."

Still, while high-speed trains can reduce the need for some short-haul flights, it's difficult to imagine the aviation sector shrinking. Expect airlines to be big purchasers of greenhouse-gas offsets if a global carbon cap is mandated in Copenhagen, while research continues on alternative fuels. But modernizing an antiquated air-traffic-control system makes sense even if the globe never warms another degree. "Ultimately, this is about a better travel experience over the long term," says John Kefaliotis, ITT's program manager for ADS-B. We've all got better things to do than waste time—and everything else—in the air. ■



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ROBOTICS

Serious Child's Play. Pittsburgh's Bossa Nova is emblematic of the city's growing ability to nurture start-ups

BY BILL SAPORITO/PITTSBURGH

BOSSA NOVA ROBOTICS IS A NEAT EXAMPLE of one city's transformation from 20th century industrial relic into a more entrepreneurial 21st century metropolis. It's a start-up specializing in robotic toys "designed in Pittsburgh, made in China and distributed everywhere," says co-founder David Palmer. Bossa Nova's babies are called Penbo and Prime-8. The first is a robotic penguin (\$79.99) that needs some nurturing. It responds to touch and sound, and it has a penguin egg that pops out, makes sounds and communicates with its mother via a heart-shaped infrared receiver. Prime-8 (\$99.99) is a game-playing gorilla that has what Palmer calls an aggressive and dynamic play pattern. The ape can chase its owner and fling coconuts at anyone crossing its path. "It's an exciting year for us—our launch year," he says.

These are smart little toys, having grown up at Carnegie Mellon University (CMU), the renowned tech-computer-engineering school. In the aftermath of steel's fade-out, CMU emerged as the city's

high-tech incubator. "The toys were initiated from five-plus years of research on high-performance legged robots," says Sarjoun Skaff, Bossa Nova's chief technologist, who conducted much of that research. When Skaff let his lab bots loose in front of children assembled on the CMU campus, they were enthralled. "That was really when we understood a magical connection between a dynamic, mobile robot and children. We knew we had something if we could lower the cost," says Skaff.

That's a challenge that even the biggest companies face: how to get an expensive prototype created in a controlled lab environment to be affordable and robust in the chaotic world of the consumer—and in this case, a consumer whose bicycle may still have training wheels. Skaff's lab bot cost \$20,000 to build. Bossa Nova's products had to retail for less than \$100. Call it an order-of-magnitude problem.

While Skaff worked on building cheaper com-

It's good to have friends Co-founder Palmer tapped into a business-support network

ponents, Palmer, a former strategic planner at FedEx, tapped the city's and state's emerging incubation systems. A nonprofit called the Technology Collaborative, which promotes robotics, helped with office space and grants for product design. A state-sponsored incubator called Innovation Works provided early-stage funding. Bossa Nova won a business-plan contest sponsored by the Pittsburgh Technology Council and gained more exposure, money and advice. "We could not have survived without all of them," says Palmer. This would not have happened in the old Pittsburgh, which was insular and somewhat skeptical of entrepreneurs.

Like most other newbies, Bossa Nova made missteps. The biggest: trying to shape a single toy that would appeal to both boys and girls. The company was strongly advised to refine its robot's purpose. What emerged was two separate products: one designed around power, for boys, and one around interaction, for girls. Palmer and Skaff say their attempt to create a single product probably set them back a year. "We felt like we were smart enough guys to learn it and do it on our own," says Palmer.

Another part of maturing is knowing when to shift from entrepreneurial mode, in which creativity and development trump all else, to business mode, in which adult supervision becomes mandatory. For Bossa Nova, that meant hiring a toy-industry gun, in the form of new CEO Martin Hitch, a veteran of Mattel and Hasbro. Penbo and Prime-8 were introduced in Europe this year, using local distributors. But the company, whose revenues are approaching \$4 million, wants to crack the U.S. market and its big retailers. With the selling season for next year under way, Hitch will help Bossa Nova get six products into the mix.

A 12-person outfit like Bossa Nova, or 100 firms like it, will never replace the jobs at the big steel plants that once defined Pittsburgh. Palmer and Skaff wanted best-in-class manufacturing; for robotic toys, that means China. But Skaff says Bossa Nova is by no means constrained by child's play. He sees a company that can grow with its customers. "As the children age, they will be familiar with our toys," he says. "We will introduce robots that accompany them in their lifestyles." In other words, personal robots, born in Pittsburgh. ■



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